

# Annual Report and Financial Statements

for the period ended 31 March 2017



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# Managing Director's report

We are pleased to introduce our Annual Report for 2016/17, which reflects the first period of operation of KCH Interventional Facilities Management LLP (trading as King's IFM).

King's IFM was established on 3 June 2016, commenced trading on 1 July 2016 and became fully operational in September 2016, with the aim of transforming the way diagnostic and treatment facilities are managed within King's College Hospital NHS Foundation Trust (King's). This resulted in technical staff from theatres, critical care and renal dialysis being transferred to King's IFM from 1 July 2016. In addition, the Procurement Department from King's was transferred across in its entirety to King's IFM on 1 September 2016.

This is an exciting and innovative new operational model for the provision of diagnostic and treatment facilities, as we seek to improve the quality of services to patients and clinicians, and increase value for money. As a new entity, in our first nine months of trading we have focused on setting up the operating model and governance, as well as working to transform and improve the service we offer.

King's IFM has been created in the context of a rapidly changing and equally challenging NHS environment. There is an increased focus on procurement and end-to-end supply chain efficiencies, which is driving the requirement for a more agile and focused workforce.

## Achievements & highlights

King's IFM has achieved considerable successes in a number of key areas, as demonstrated below:

### New & innovative operational model

- King's IFM has developed an innovative new operational model, the first of its kind in the UK. By bringing together facilities management, equipment management, supply chain and procurement into a single entity, King's IFM has created a cohesive team with a single focus: to provide best in class clinical environments for patients and clinicians
- To support this innovative model, we have developed a new team of Business Operations Managers (BOMs), who are focused on improving the supply chain, asset placement and product availability, as well as providing a single point of contact for our customers in each facility. There have also been changes to technician services across theatres and critical care to increase resilience and reduce the risk of solo working

## Financial

- Achieved an operating profit of £1.1m for the first nine months of trading
- The procurement cost improvement plans (CIPs) programme for 2016/17 has delivered a total in year saving of £4.1m. All CIP plans are captured on the new King's IFM CIP database, which allows reports to be drilled down to product code and cost centres, including the details of the clinical, managerial, financial and procurement leads

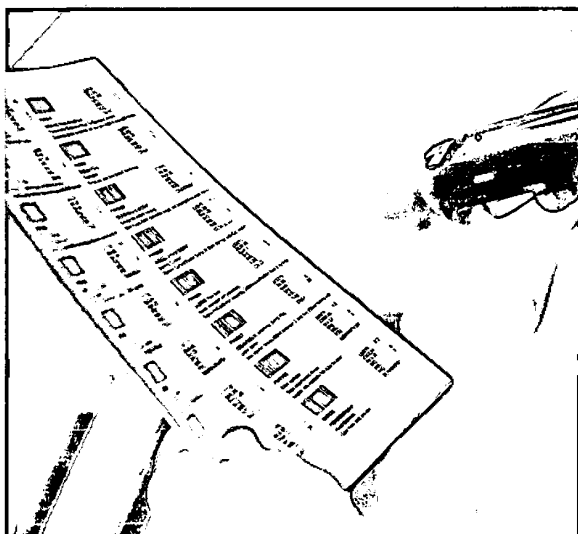
## Corporate

- During the period, King's IFM has developed and honed the governance structure to ensure clear accountabilities, effective decision making, proactive performance monitoring and active risk management
- The Programme Management Office (PMO) was set-up in November 2016, with the aim of supporting the business in project delivery and provide a formal framework for the management of projects. The PMO has delivered a number of successful projects, including the transfer of the Neonatal Intensive Care Unit (NICU) and the Paediatric Intensive Care Unit (PICU) to King's IFM and a major upgrade to the Sprinter purchase ordering system
- As a newly formed entity, communicating effectively with our customers and suppliers is critical to ensuring awareness of King's IFM and the benefits we provide. We also engaged in a supplier communication campaign to inform them of the set-up of the entity, build relationships with key stakeholders and work with them to implement the process changes we required

- King's IFM also initiated a communications campaign within King's, to raise awareness of our brand and develop better ways of working with clinicians

## People

- King's IFM launched its Performance & Reward strategy, with competitive King's IFM Employee Terms & Conditions designed to attract talent from both the public and private sectors
- King's IFM is an organisation that relies heavily on highly trained staff to deliver expertise in areas including equipment management, supply chain, procurement and facilities management. Training is therefore critical to accomplishing our goals and delivering high service levels. King's IFM has launched its new Learning Management System, with a suite of face-to-face and online training courses available for staff
- Engaging effectively with our staff has been a focus of the management team, particularly given the changes that King's IFM has brought. In December 2016, we launched Insight, our monthly staff engagement magazine. We also held Welcome Events for all new staff and launched our King's IFM Induction Programme



## Transforming our teams

The NHS environment is changing and there is increased focus on procurement and the end-to-end supply chain, which is bringing a requirement for a more agile and focused workforce. In addition, Lord Carter's report is driving increased focus on procurement and we need to increase the capacity and capability of our teams to meet increasing demands on sourcing, supply chain and IT services.

Following a review by an external consultancy firm, it became evident that staff lines of reporting and roles needed clarity and that the roles being undertaken by many staff had changed over time. During early 2017, King's IFM conducted a review and consultation of the staff structure within Procurement, Systems and areas of Supply Chain.

The consultation was completed in March 2017, with the resulting structure focused on effective customer delivery and high functional expertise. We have improved our ability to respond to the demands of our customer, improved role and reporting line clarity and increased the capacity and capability of our teams. We also needed to adapt to support the new operating model and we are now able to offer staff improved career progression and retention within the organisation.

“ We have accomplished so much and I am thankful to each and every one of our staff who have made this possible. In only nine months of trading we have delivered an operating profit of £1.1m, a result £0.5m ahead of budget. As a limited liability partnership these operating profits form part of the results for King's and we have therefore delivered funds to the hospital to improve patient care ”

**Kathryn Dean**  
**Managing Director**  
Unit 1, KCH Business Park  
129 Coldharbour Lane,  
London SE5 9NY

## Board of directors

As a new and developing enterprise, an experienced board is crucial for steering King's IFM. Our Board is comprised of individuals with a wide range of expertise in finance, operational performance, commercial diversification, clinical excellence and human resources, from both the public and private sectors.



### **Colin Gentile Chairman of the Board**

Colin joined King's in 2016. Colin is a professional accountant by background; he worked in central government and local government before taking his first role with the NHS in 1990. He has been a finance director in a number of Trusts, including St George's and Brighton and Sussex University Hospitals, both of which are teaching hospitals.

Colin has a strong track record of helping NHS Trusts generate savings and improving financial performance. He is equally passionate about the standards of patient care. Colin has also, in conjunction with his finance director roles, worked as a turnaround lead and as a PFI project director.



### **Lisa Hollins Non-Executive Director**

An experienced leader, Lisa has worked in the NHS for over 20 years, and has held senior posts in NHS Trusts and at regional and national level. She has experience of operational management roles in primary, community and secondary care, including at King's and the Princess Royal University Hospital (PRUH) early in her career. She also has experience of service improvement roles within the Department of Health.

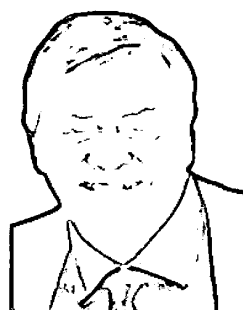


**Julia Wendon  
Non-Executive  
Director**

Professor Wendon is an Intensive Care Consultant. She has earned a worldwide reputation for the care of critically ill patients, particularly those with

liver disease.

Julia joined King's in 1989, became a Consultant in 1992, and more recently served as Clinical Director for Critical Care. She has played a key role in developing King's liver service, including the expansion of the liver intensive care unit from eight to its current 19 beds. She has published over 150 papers on acute liver failure, and between 2008 and 2013 was the Trust's research and development lead.



**Simon Taylor  
Non-Executive  
Director and  
Representative for  
King's Commercial**

Simon is a Chartered Public Finance Accountant and has a degree in Economics

and Econometrics from the University of Manchester. He has over 25 years of experience in healthcare finance, with 13 of them as Chief Financial Officer for King's. He has extensive knowledge of project finance including PFI and PPP models. In 2011, he established King's Commercial, the leading company bringing the benefits of NHS quality care to emerging markets, including the UAE, KSA, Pakistan and India.



**Dawn Brodrick  
Non-Executive  
Director**

Dawn joined King's in October 2015. Previously, she worked at the Department for Communities and Local Government, where she held the position of

Director for People, Capability and Change.

Dawn has held director and senior human resources positions at HM Revenue and Customs, the Department for Work and Pensions, and Jobcentre Plus. In 2015 she received an Order of the Bath (CB) in the Queen's Birthday Honours for services to public administration.



**Kathryn Dean  
Managing Director**

Kathryn is well placed to lead the King's IFM team, with a clinical background as a radiographer and previously held a number of management

roles. These include being Director of Operations at the PRUH between 2013 and 2015 and more recently the Director of Transformation at King's.



# Strategic report

Our strategic business plan sets out the entity's vision, plans and priorities to 2020. It provides clarity and focus on how we are transforming the business into an efficient and effective interventional facilities management organisation, providing a high quality and value for money service.

Our strategic business plan is based on four key strategies which underpin our business goals and respective projects.



## Standardisation

Providing consistent services with low variance across the facilities King's IFM manages, to free up clinical time, enabling better patient care and higher level of efficiency.



## Excellent customer service

Providing exceptional levels of service to our customers, measured by appropriate KPIs.



## Right place, right time

Ensuring products and services are available at point-of-use at the required time.



## High technical expertise

Maintaining high levels of technical expertise to ensure best in class clinical environments at optimum prices.





**Our vision is:**

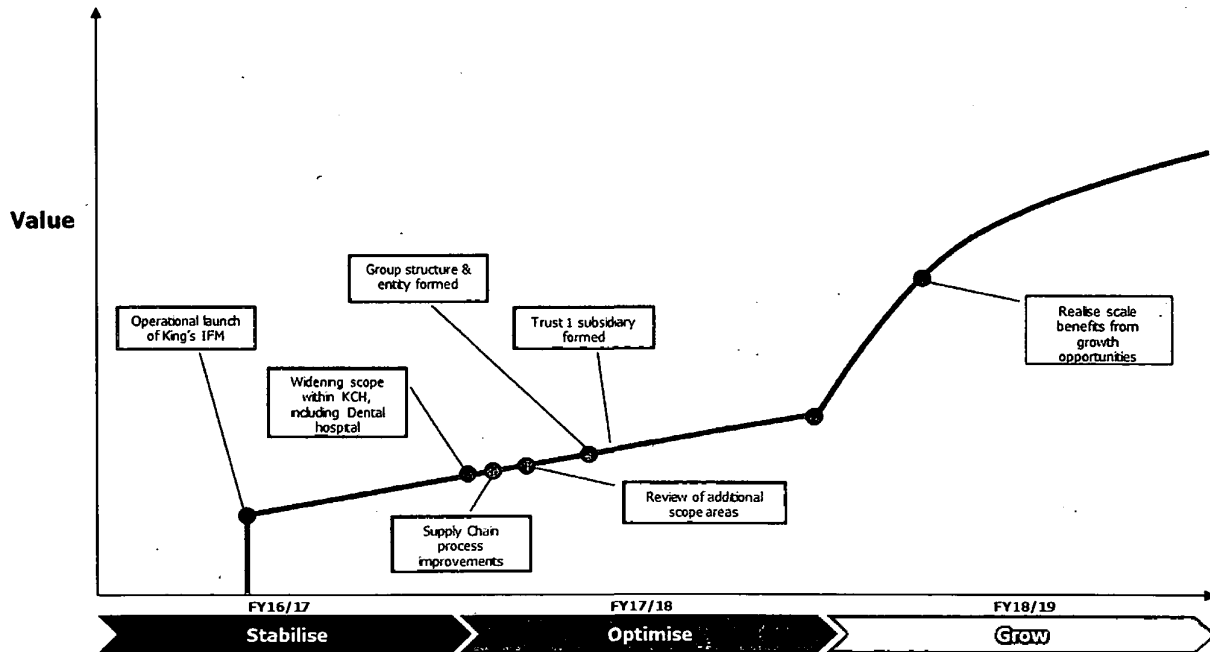
**"King's IFM enables better patient care through fully managed services including supply chain and equipment management for diagnostic and treatment facilities"**

**Our mission is to:**

**"Provide best in class clinical environments"**

The three phase journey defines key strategies and objectives at different points over the business transformation period.

- Phase 1 – Stabilise
- Phase 2 – Optimise
- Phase 3 – Grow



## Phase 1 – Stabilise (FY16/17)

Following the set-up and operational launch of King's IFM in September 2016, the aim of Phase 1 was to stabilise operations and build a firm back office platform for the business to develop on.

The key objectives were to:

- 1. Build governance foundation** – focus on effective governance for the organisation and set up a clear accountability framework
- 2. Build a strong identity and brand** – build a strong identity and brand to communicate with our staff, our business partners and our customers

**3. Achieve financial stability** – focus on making the organisation financially stable and profitable. Initial focus is meeting the contractual terms

**4. Standardise key processes** – identify and standardise key processes for standardisation and improvement

**5. Build the team for the future** – define the required organisation structure and build the team for the future through effective training and recruitment

**6. Determine systems requirements** – assess the IT requirements to deliver our quality measures

The table below describes King's IFM progress against the Phase 1 objectives and the flow-through into Phase 2:

Objective	What have we achieved?	What are we continuing into FY17/18?
<p><b>1. Build governance foundation</b></p>	<ul style="list-style-type: none"> <li>● Governance structure set-up, with regular meetings and TORs in place to ensure effective oversight</li> <li>● PMO set-up, with a robust project management framework in use throughout King's IFM</li> <li>● King's IFM Standing Financial Instructions (SFIs) set-up</li> <li>● Project management – three project management training courses delivered to relevant King's IFM staff across Supply Chain, Procurement and Facilities Management</li> </ul>	<ul style="list-style-type: none"> <li>● Additional project management training for all staff</li> <li>● Further focus on strategic systems decision-making</li> <li>● Further embedding of meeting rhythm within King's IFM</li> </ul>
<p><b>2. Build a strong identity and brand</b></p>	<ul style="list-style-type: none"> <li>● Logo and brand developed</li> <li>● Website launched with content for suppliers, potential customers and job candidates</li> <li>● A range of King's IFM policies developed for HR, Finance, Procurement, Supply Chain, Facilities Management and project management</li> </ul>	<ul style="list-style-type: none"> <li>● Extensive communications to Trust staff. An SLA is currently being developed with the King's Communications team in order to increase engagement with Trust staff</li> <li>● Further policy development</li> </ul>
<p><b>3. Achieve financial stability</b></p>	<ul style="list-style-type: none"> <li>● Achieved an £1.1m operating profit for FY16/17</li> <li>● Actively managing working capital position</li> <li>● Arm's-length contractual arrangements in place</li> <li>● Completed supplier migration</li> <li>● Fully validated savings data and delivered £4.1m of CIP savings</li> </ul>	<ul style="list-style-type: none"> <li>● Further improve arrangements for working capital and equipment funding</li> </ul>

Objective	What have we achieved?	What are we continuing into FY17/18?
<p>4. Standardise key processes</p>	<ul style="list-style-type: none"> <li>● Designed and implemented robust CIP recording and reporting process</li> <li>● Finance trading accounting and reporting</li> <li>● Facilities Management meetings established</li> <li>● Billing and payments processes implemented</li> </ul>	<ul style="list-style-type: none"> <li>● Development and documentation of Procurement and Supply Chain processes</li> </ul>
<p>5. Build the team for the future</p>	<ul style="list-style-type: none"> <li>● Procurement and Supply Chain consultation and restructure</li> <li>● Recruitment of c.50 staff (substantive and interim)</li> <li>● Training processes and Learning Management System implementation</li> <li>● Payroll and pension providers set-up</li> <li>● Electronic Staff Record (ESR) system implemented for TUPE and new staff</li> <li>● BOMs and Critical Care staff recruited in order to build resilience</li> <li>● Plan in place to recruit to substantive structure</li> <li>● Manual Time &amp; Attendance solution implemented</li> </ul>	<ul style="list-style-type: none"> <li>● Fully recruit substantive structure</li> <li>● Conduct organisational development review and implement resulting interventions</li> <li>● Talent management and succession planning set-up</li> <li>● Performance management framework and system implemented</li> <li>● Robust Time &amp; Attendance / sickness / rostering process set-up</li> </ul>
<p>6. Determine systems requirements</p>	<ul style="list-style-type: none"> <li>● High-level systems strategy developed</li> <li>● Sprinter upgraded to improve performance for end-users</li> <li>● ERP system phase 1 approved. Business requirements established and formal supplier selection process completed</li> <li>● Inventory Management review</li> </ul>	<ul style="list-style-type: none"> <li>● Complete ERP implementation</li> <li>● Detailed system strategy implementation planning</li> <li>● Trac recruitment system and processes implemented</li> </ul>

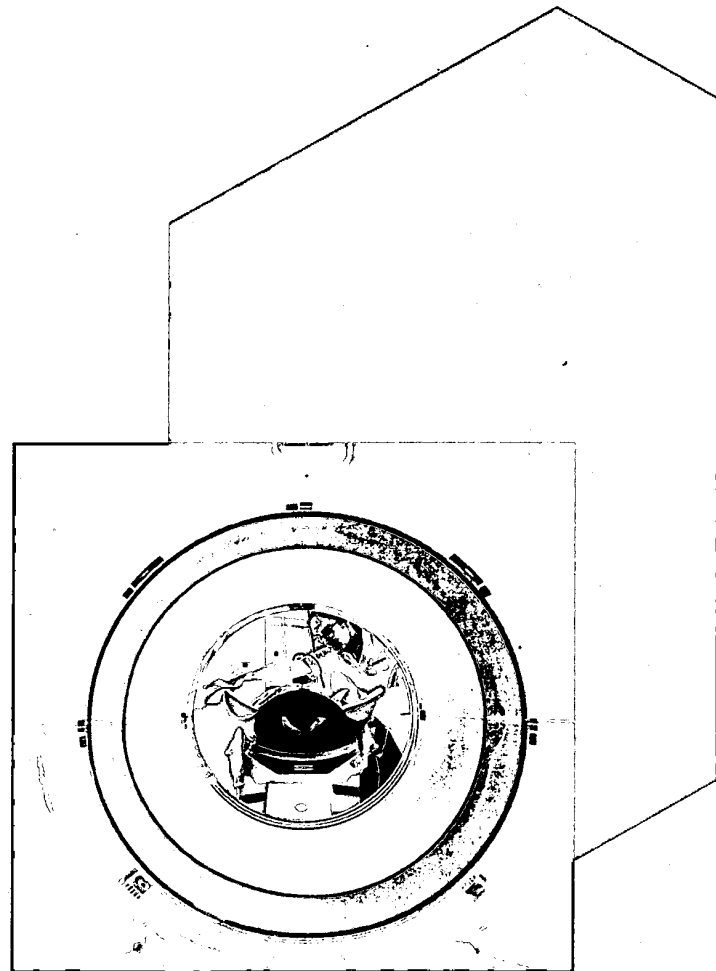
## Phase 2 – Optimise (FY17/18)

Following the set-up and stabilisation of the business, the aim of Phase 2 is to drive greater levels of efficiency, resilience and financial performance.

The key objectives are:

- 1 Develop customer service capabilities – we will develop a strong customer-focussed culture, improve customer relationships and build a service management capability
- 2 Deliver financial plan – we will deliver the CIP programme, meet our contractual obligations and embed the customer-supplier relationship with King’s
- 3 Build people & organisational resilience – we will build our permanent team and provide targeted training to ensure ongoing organisational resilience
- 4 Deliver key process & systems capability – we will improve our systems capabilities and standardise and improve all processes, with corresponding metrics to determine effectiveness and improvement

In order to ensure that the objectives for Phase 2 are achieved, each business area has specific objectives linked to overall King’s IFM objectives. The achievement of these objectives forms the cornerstone of the Performance Management process.



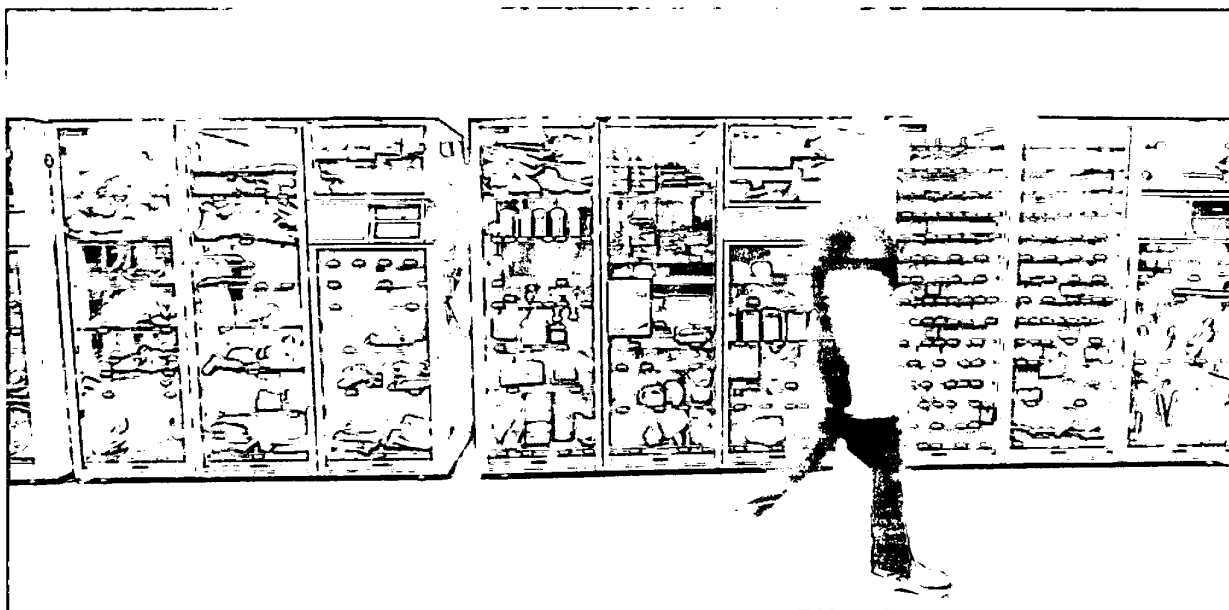
### Phase 3 – Grow (FY18/19 – FY19/20)

Following transformational activity in FY17/18 to optimise the business to achieve greater efficiency, Phase 3 involves working with other NHS Trusts to achieve scale and additional revenue and scale benefits.

The key objectives are:

- 1 Identify new customers – we will identify new NHS Trusts to work with, collaborating with them through a group model to deliver better value and generate additional revenue for King’s IFM.
- 2 Build economies of scale – we will drive down the cost-to-serve of our services through increasing our volumes and automation of transactional activities.

In order to achieve the targeted growth, King’s IFM will need to adapt its business structure to facilitate this. There is a requirement for a simple business model, that ensures effective management of patient risk and minimises governance and contractual complexity. King’s IFM has assessed the best model to deliver managed services and efficiency savings for other NHS Trusts in the most cost-effective manner. Having assessed various models, it is recommended that a group structure model would best deliver the service improvements and savings.



## Enabling our strategy

Achieving our strategic agenda will have a significant reliance on our staff. To support our strategy, we have implemented a number of initiatives to create an operating culture that will continue to deliver performance, quality and safety.

### Organisational Development

There is already evidence and drivers that support the need for a cohesive strategy that aligns the business strategy, policies, structures and systems with the development of appropriate skills, behaviours, leadership and culture that will enable optimum performance.


Organisational Development interventions will underpin the business strategy, be developed by the King's IFM leadership team and refined through engagement with staff and stakeholders on an ongoing basis. These are focused in four key areas:

- Culture & Staff Engagement
- Leadership & Workforce Development
- Performance & Reward
- Resourcing & Talent Management

### Business continuity

Given the importance of maintaining an effective service for patients and clinicians, we have developed a business continuity plan. This includes out of hours contingency during major incidents, which is particularly important given the status of King's as a Major Trauma Centre. We have aligned our policies with our customer to ensure a joined-up response to any incidents occurring. We have also developed a Major Incident Readiness Reserve, containing 225 products agreed with the Emergency Department that are ready and available for rapid delivery and meet our objective of right place, right time.

This report was approved by the Board on 30 November 2017 and signed for and on behalf of:



**Kathryn Dean**  
**Executive Director**  
 Unit 1, KCH Business Park  
 129 Coldharbour Lane,  
 London SE5 9NY

# Governance and risk report

The governance structure at King's IFM is in place to ensure the highest standards of integrity and best practice are adhered to.

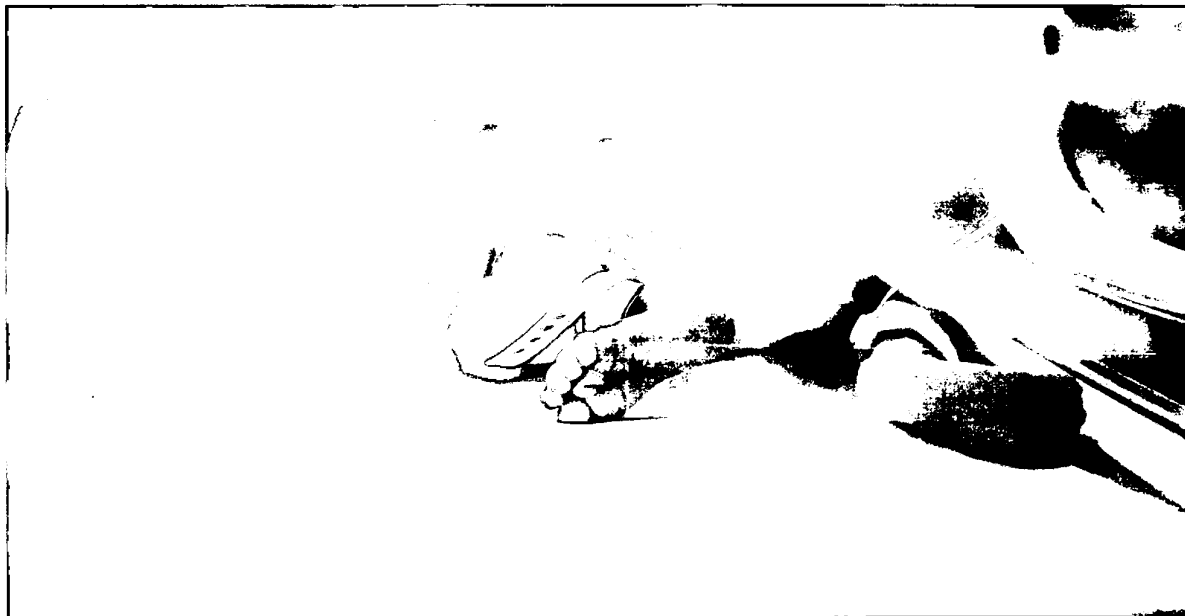
The duty of the Board is to act in good faith and in a way most likely to promote the success of the entity for the benefit of its members as a whole. A leading and steering the entity on business strategy; development; oversight and control; and corporate governance. It also sets the strategic aims, ensuring that resources are available to enable the entity to meet its objectives.

The Board delegates day-to-day responsibility to executive management. There remains, however, a number of matters that are reserved for the King's IFM Members and King's IFM Board.

The Board must have sufficient engagement with the business to allow it to lead the entity with an in-depth understanding of its strengths and capabilities, and the challenges it faces.

The Board approves: strategic business plans; the annual budget, large capital expenditure and proposals on the capital programme over £250k; and matters of major strategic importance. The Board also sets the direction for the entity's values, ethics and business policies and practices. It also oversees operating and financial performance; risk management and internal controls; compliance and major policy issues and reviews the corporate risk register on a regular basis.

In addition, the King's IFM Members are required to approve all expenditure above £100k that is not included on the capital programme.





There are five key committees that support the work of the Board, which are listed in the table below:

Name	Purpose	Chair
Management Board	Responsible for management and control of the business and the affairs of the LLP. To provide governance and assurance of all King's IFM activity, including: integrated performance; quality of services; strategic direction; risk management.	<b>King's Chief Financial Officer</b>
Remuneration Committee	Ensure there is a fair and transparent policy and procedure for developing, maintaining and approving the King's IFM Reward policy.	<b>King's Director of Workforce Development</b>
Contract Management Committee	To review and discuss overall performance of King's IFM within the contract.	<b>King's Director of Capital and Estates</b>
Executive Management Committee	Accountable for management and control of the business and the affairs of the LLP. To provide leadership, decision-making and oversight for all King's IFM activity, including: integrated performance; operational activity; planning & investment; finance & systems; quality; safety and risk management.	<b>Managing Director</b>
Senior Management Team Meeting	Provide information to Senior Management on operational, financial and workforce issues.	<b>Managing Director</b>



# Financial highlights



## Income and expenditure

The entity provides fully managed services to King's and operates across all sites within the Trust. The principal activities of the entity are the provision of fully managed services in hospital diagnostic and treatment facilities. This is predominantly the provision of the clinical service environment but also includes procurement, equipment and the supply chain.

The services provided to the Trust are charged in line with service contracts, running until 30th June 2021. The cost of providing these services consists largely of clinical supplies, equipment costs and staff costs.

The operating revenue for King's IFM in 2016/17 was £46.8m. Although the entity started trading on 1 July 2016, the income reflects the staggered start dates for the various managed services. Theatres started on 1 July 2016; Cardiac Cath Labs, Endoscopy and Radiology started on 1 August 2016; Renal Dialysis, Liver Labs and Procurement started on 1 September 2016; Adult Critical Care started on 1 November 2016; and Children's Critical Care started on 1 December 2016.

The direct expenses for King's IFM in 2016/17 were £40.8m. The administrative expenses in 2016/17 were £4.0m and depreciation costs were £0.9m.

### Capital investment

King's IFM purchased £9.6m of plant and equipment in the period. The majority of the capital purchases being medical equipment purchased from King's.

The net book value of property, plant and equipment was £8.7m at 31 March 2017.

### Borrowings

King's IFM have a revolving loan facility agreement with King's under which King's IFM can borrow up to £30.0m. The loan facility is available solely for funding asset purchases.

King's IFM drew down £16.2m of the loan facility during 2016/17 in order to purchase medical equipment and stock from King's. The value of borrowings outstanding at 31 March 2017 was £16.2m.

### Current assets and liabilities

The entity's receivables at 31 March 2017 were £23.6m and the entity's payables were £24.0m. The cash position at 31 March 2017 was a positive balance of £2.0m.

### Post balance sheet events

On 1 August 2017, King's IFM started to provide a fully managed services to King's for the Dental Hospital. This is a new service to be provided under a contract of a five year duration.

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“During FY16/17, King's IFM has invested over £9m in medical equipment, with the aim of enabling the very best levels of patient care”

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# Directors' report

The directors present their annual report and audited financial statements for the period ended 31 March 2017.

## Principal activities

The entity is a Limited Liability Partnership and started trading on 1 July 2016. The entity provides fully managed services to King's and operates across all sites within the Trust, including King's College Hospital, Princess Royal University Hospital, Queen Mary's Sidcup, Beckenham Beacon and Orpington Hospital.

The principal activities of the entity are the provision of fully managed services in hospital diagnostic and treatment facilities. This is predominantly the provision of the clinical service environment but also includes procurement, equipment and the supply chain.

The entity does not enter into any research or development activities.

## Business review

The entity reported a profit for the period ended 31 March 2017 of £1.1m, a result that was £0.5m ahead of budget.

A review of the business and future developments is contained in the Managing Director's Report on pages 5 to 7, the Strategic Report on pages 10 to 17 and the financial highlights report on pages 21 to 22.



## Results and profit allocation to members

The results for the period are shown in the Statement of Comprehensive Income on page 33.

There have been no drawings by the members during the period. It is proposed by the directors that the profit for the period is retained as reserves and not allocated to the members' current accounts.

## Members' capital

The entity issued £100 of members' capital for a consideration of £100 on 3 June 2016.

The total members' capital is £100. King's own £99 of the members' capital and King's Commercial Services Ltd. own £1 of the members' capital.

Details of the members' capital are set out in note 9 of the financial statements.

## **Governance, internal controls and risk management**

The Board accepts and acknowledges that it is both accountable and responsible for ensuring that the entity has in place appropriate and effective systems, procedures, policies and processes for internal controls.

Throughout the period covered by this report and up to the date of this report the Board believes that there have been appropriate internal controls and risk management processes in place.

A report on governance and risk management can be found on pages 18 to 19.

## **Financial risk**

The entity's cash assets are held within the Government Banking Service. The entity does not hold investments other than cash and does not utilise financial instruments in its operations.

The entity's trade receivables are predominantly with government-funded entities. King's makes up a very significant portion of the entity's receivables.

The entity manages liquidity risk by continuously monitoring cash flow requirements and managing its borrowings via a loan facility provided by King's. The interest payable is Bank of England base rate plus 2%.

## **Pension liabilities**

Details of the pension liabilities and administration of the pension schemes are shown in the notes to the accounts – Note 1, paragraph 'i' and note 4.

## **Market risk**

The vast majority of the entity's income is secured under long term contracts with King's that end on 30 June 2021. The very nature of the services offered by the entity mean that the market risk of the entity will be closely aligned with the health sector.

The entity lacks a diversified customer base with King's as the sole customer. King's, like many NHS Trusts, is currently experiencing financial difficulties and this provides a specific customer risk to the entity. This risk is mitigated by the fact that King's is government-funded and the entity's business is intrinsically linked with the continuing provision of health services at King's.

## **Future developments**

The services provided by the entity are common to other NHS Trusts and the health sector in general. The entity is actively looking to diversify its customer base and is in ongoing discussions with a number of NHS Trusts about the provision of future services.

## Directors

The details of directors who held office during the period are shown on page 8 and 9.

The table below details the appointments and resignations of directors who held office in 2016/17:

Directors of the Board	Appointment to the Board	Resignation from the Board
Colin Gentile	1 July 2016	N/A
Kathryn Dean	1 July 2016	N/A
Simon Taylor	1 July 2016	N/A
Julia Wendon	1 July 2016	N/A
Dawn Broderick	1 July 2016	N/A
Jane Farrell	1 July 2016	30 November 2016
Lisa Hollins	1 December 2016	N/A

## Employees

Employees are encouraged to maximise their contribution to the entity and wider NHS. The entity encourages openness and transparency. Employees are provided with regular information regarding entity policies, business performance and other matters of concern to them as employees. The views of employees are taken into account when making decisions that might affect their interests.

All employees are eligible to participate in a defined contribution pension scheme. Details of the pension arrangements are set out in note 4 of the financial statements.

## Equality and diversity

The entity maintains a policy of employing the best candidates available in every position, regardless of gender, ethnic group or background. This includes equality in recruitment and ongoing promotion within the entity.

The entity supports the recruitment of staff with disabilities having full regard to their aptitudes and abilities. The entity will offer individual support to staff who become disabled during the course of their employment and where appropriate offer opportunities for retraining and redeployment.

## Political and charitable contributions

No political or charitable contributions were made by the entity during the period ended 31 March 2017.

## Going concern

The entity's business activities together with the factors likely to affect its future development and performance are set out in the Managing Director's report on pages 5 to 7 and the financial highlights report on pages 21 to 22. The financial position of the entity, its cash flows, liquidity position and borrowing facilities are described on pages 33 to 35 and Note 8.

The entity is wholly owned by King's, who has given an undertaking that supports the 'going concern' view of the entity. King's like many NHS Trusts is currently experiencing financial difficulties. However, King's is government-funded and operations at King's are necessary for the continuing provision of health care in South East London. The directors have a reasonable expectation that the entity will

## Directors' report

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continue to provide services to King's for the duration of the current contracts which expire on 30 June 2021.

The directors believe that the entity is well placed to manage its business risks successfully. Having reviewed the entity's current financial position, commercial contracts, cash flow projections and its actual and prospective loan facilities, the directors have a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the entity's auditor is unaware; and each director has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the entity's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP was appointed as the entity's external auditor on 30 March 2017.

King's appointed Deloitte LLP as the Trust's external auditor for a three-year term starting in July 2016 with the option to extend a further two years. The intention of the entity

is to reappoint Deloitte LLP as auditor so that the entity maintains the same external auditor as King's.

The report was approved by the board on:

30 November 2017 and signed for and on behalf of the board by:



**Kathryn Dean**

**Unit 1, KCH Business Park  
129 Coldharbour Lane,  
London SE5 9NY**



# Statement of directors' responsibilities in respect of the entity financial statements

The Directors are responsible for preparing the Annual Report and the entity 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under entity law, the Directors must not approve the financial statements unless they are satisfied that these give a true and fair view of the state of affairs of the entity and of the profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Make judgements and estimates that are reasonable and prudent.
- State whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the entity. They are also responsible for ensuring that the financial statements and the remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the entity website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

They are also responsible for safeguarding the assets of the entity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of Director's Responsibilities in Respect of the Entity Financial Statements**

**Responsibility statements under the disclosure and transparency rules**

Each of the current Directors confirms that, to the best of their knowledge:

- The financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity.
- The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the entity, together with a description of the principal risks and uncertainties that it faces.

In addition, having taken all the matters considered by the Board and brought to the attention of the Board during the period into account, the Directors are satisfied that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the Shareholder Director to assess the entity's performance, business model and strategy.

For and on behalf of the Board.



**Kathryn Dean**  
**Executive Director**  
**30th November 2017**

# Independent auditor's report to the members of KCH Interventional Facilities Management LLP

We have audited the financial statements of KCH Interventional Facilities Management LLP for the period ended 31 March 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Members' Interests and the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.



## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

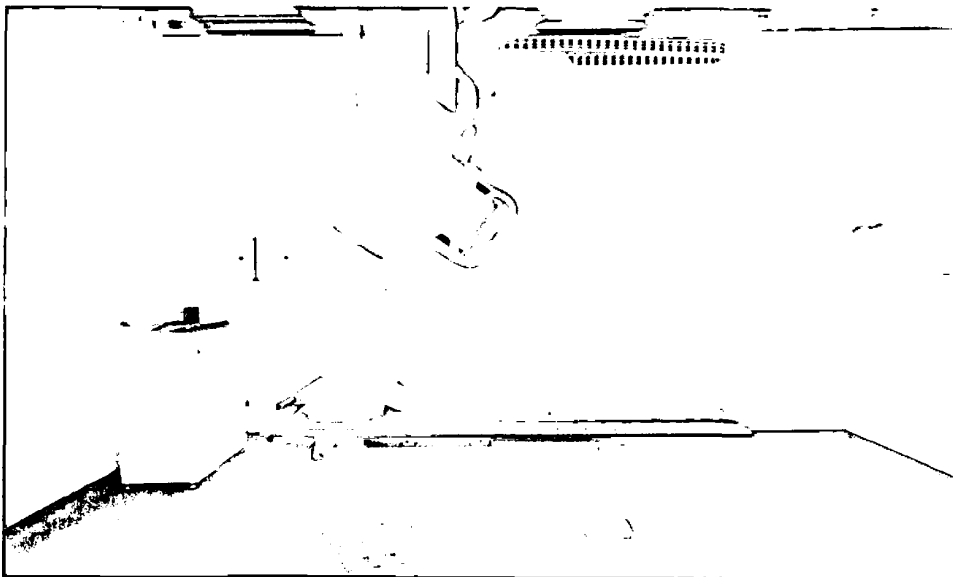
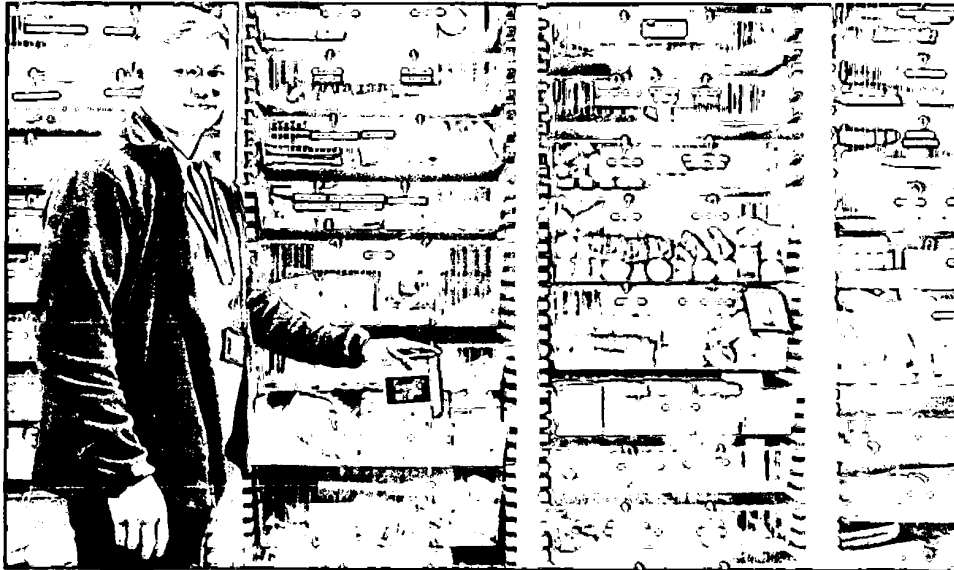
## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.



**Craig Wisdom FCA  
(Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
St Albans, United Kingdom  
01 December 2017**





# **KCH Interventional Facilities Management LLP Financial Statements and Notes to the Financial Statements**

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## Statement of comprehensive income

for the period from 1 July 2016 to 31 March 2017

	Notes	2017 £000
Operating revenue		46,845
Direct expenses	2	(40,832)
Administrative expenses	3	(4,015)
Depreciation	5	(940)
<b>Operating profit</b>		<b>1,058</b>
Finance income		-
Finance costs		-
Gain/(Loss) on disposal of property, plant and equipment		-
<b>Profit before tax and members' remuneration</b>		<b>1,058</b>
Taxation expense		-
<b>Profit before members' remuneration</b>		<b>1,058</b>
Members' remuneration charged as an expense		-
<b>Profit for the period</b>		<b>1,058</b>

*The above relates wholly to continuing operations.*

## Statement of financial position

as at 31 March 2017

	Notes	2017 £000
<b>Non-current assets</b>		
Property, plant and equipment	5	8,652
		<b>8,652</b>
<b>Current assets</b>		
Trade and other receivables	6	23,495
Cash and cash equivalents		2,010
Inventory		7,033
		<b>32,538</b>
<b>Total assets</b>		<b>41,260</b>
<b>Current liabilities</b>		
Trade and other payables	7	23,932
Borrowings	8	1,620
Provisions		-
		<b>25,622</b>
<b>Non-current liabilities</b>		
Trade and other payables	7	-
Borrowings	8	14,580
		<b>14,580</b>
<b>Total liabilities</b>		<b>40,202</b>
<b>Net assets</b>		<b>1,058</b>
<b>Members' interests</b>		
Members' capital	9	-
Members' reserves	9	1,058
<b>Total members' interests</b>		<b>1,058</b>

*These financial statements were approved by the Board of Directors on 30 November 2017 and signed on its behalf by:*



Kathryn Dean  
 Managing Director  
 Registered number: OC412121





## Statement of cash flows

for the period from 1 July 2016 to 31 March 2017

	Notes	2017 £000
<b>Cash flow from operating activities</b>		
Profit for the period		1,058
<b>Adjustments for non-cash transactions:</b>		
(Gain)/Loss on disposal of property, plant and equipment		-
Depreciation and amortisation	5	940
<b>Adjustments for:</b>		
Interest received (shown below)		-
Interest paid (shown below)		-
(Increase)/decrease in inventories		(7,033)
(Increase)/decrease in trade and other receivables	6	(23,495)
Increase/(decrease) in trade and other payables	7	23,932
<b>Net cash outflow from operating activities</b>		<b>(4,598)</b>
<b>Investing activities</b>		
Interest received		-
Payments for property, plant and equipment		(9,592)
Proceeds from disposal of property, plant and equipment		-
<b>Net cash outflow from investing activities</b>		<b>(9,592)</b>
<b>Financing activities</b>		
Proceeds from the issue of share capital	9	-
Increase/(decrease) in loans	8	16,200
Interest paid		-
<b>Net cash inflow from financing activities</b>		<b>16,200</b>
<b>Increase in cash and cash equivalents for the period</b>		<b>2,010</b>
<b>Cash and cash equivalents at start of period</b>		<b>-</b>
<b>Cash and cash equivalents at end of period</b>		<b>2,010</b>

## Statement of changes in members' interests

for the period 1 July 2016 to 31 March 2017

	Members' capital £000	Members' reserves £000	Total £000
<b>Balance at 1 July 2016</b>	-	-	-
Profit for the period	-	1,058	1,058
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	<b>1,058</b>	<b>1,058</b>
Allocated profit in period	-	-	-
Issue of capital	-	-	-
<b>Transactions with owners</b>	-	-	-
<b>Balance at 31 March 2017</b>	-	<b>1,058</b>	<b>1,058</b>

# Notes to the Financial Statements

## Note 1 - Accounting policies

### Corporate Information

KCH Interventional Facilities Management LLP (the LLP) is a limited liability partnership incorporated in England and Wales. The LLP's registered office is at Unit 1, 129 Coldharbour Lane, London SE5 9NY.

The LLP was incorporated on 3 June 2016 and commenced trading on 1 July 2016. The LLP has two members: King's College Hospital NHS Foundation Trust; and KCH Commercial Services Limited.

The principal activities of the LLP are to provide fully managed services for diagnostic and treatment facilities to hospitals and other associated health care providers.

### Accounting Policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis.

The LLP's financial statements are presented in Sterling, which is the LLP's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### Statement of compliance

The LLP's financial statements have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union and applied in accordance with the Companies Act 2006, as applied to Limited Liability Partnerships.

### Going concern

The financial statements are prepared on a going concern basis as explained in the Directors' Report on page 25.

### Comparatives

When presentation or classification of items in the financial statements is amended, comparative figures have been restated to ensure consistency with the current period.

### Significant Accounting Policies

#### a) Segmental reporting

The Directors are of the opinion that the LLP is engaged in a single segment of business, being the provision of fully managed services for diagnostic and treatment facilities at hospitals and other associated health care providers.

**b) Income**

Income is recognised to the extent that performance has been provided and it is probable that economic benefits will flow to the LLP which can be reliably measured. Income is measured at the fair value of the consideration receivable. All income is generated by the provision of services in the UK and is derived from the provision of fully managed services in hospital diagnostic and treatment facilities.

**c) Leases**

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the LLP will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are initially recognised as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

**d) Finance income and expenses**

Finance costs are comprised of interest expense on borrowings and finance leases.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

**e) Other expenses**

Operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

**f) Property, plant and equipment**

*Recognition and measurement*

Property, plant and equipment assets are measured at cost, less accumulated depreciation and impairment losses.

*Additions*

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that the risks and rewards of ownership associated with the item will flow to the LLP and the cost of the item can be measured reliably. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the LLP and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the statement of comprehensive income as they are incurred.

*Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of comprehensive income.

**Impairment**

Property, plant, and equipment and intangible assets that have a finite useful life are reviewed for indicators of impairment as at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the LLP shall estimate the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. The impairment loss is recognised in the profit or loss.

**Depreciation**

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Motor vehicles	7 years
IT equipment	5 years
Plant and equipment	5 – 15 years
Furniture and fittings	5 – 10 years

Depreciation is charged monthly, and additions are depreciated from the beginning of the month following the date it is brought into use.

**g) Financial assets**

Financial assets are recognised when the LLP becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash balances with original maturities of three months or less. The LLP has no other investments with the banks or bank overdrafts.

**Trade and other receivables**

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount.

A receivable is impaired when there is objective evidence that the LLP will not be able to collect amounts due according to the original terms of the receivable. Balances are written off when the probability of recovery is assessed as being remote.

**h) Financial liabilities**

Financial liabilities are recognised on the statement of financial position when the LLP becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

**Trade and other payables**

Trade and other payables are recorded at their face value.

### *Borrowings*

Borrowings are recognised initially at fair value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method.

## **i) Employee benefits**

### *Short-term employee benefits*

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

### *Defined benefit pension scheme*

Employees who have been TUPE transferred over to the LLP are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme. The cost to the LLP of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the LLP commits itself to the retirement, regardless of the method of payment.

### *Defined contribution pension plan*

Employees who join the LLP directly are automatically contracted into the Aviva group personal pension scheme. This is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which

the LLP 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 statement of comprehensive income in the periods during which services are rendered by employees.

## **j) Provisions**

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of a past event, it is probable that the LLP will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where the effect is material, when a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate.

### *Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the LLP has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### *Restructuring*

A restructuring provision is recognised as the LLP has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to

those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### **k) Members' drawings**

In accordance with the LLP agreement, each member may draw from their current account such sum as the Management Board may determine up to their profit share for an accounting year.

Drawings are treated as payments on account of profit allocation and are only repayable to the LLP in so far as there are insufficient profits to allocate against such drawings. Any drawings in excess of total profits allocated would be included within 'amounts due from members' within debtors.

### **l) Subscription and repayment of members' capital**

The capital requirements of the partnership are determined by the members and each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is linked to the earnings allocated to that member. No interest is paid on capital.

On leaving the partnership, a member's capital is repaid on the following timescale:

- The first 5% is repaid three months after the date of approval of the LLP's audited annual accounts for the period in which the leaving date occurred
- The remaining 95% is repaid in four equal instalments, each instalment being repaid three months after the date of the previous repayment

### **m) Taxation**

#### *Income tax*

Tax to be paid on the profits arising in the LLP are a tax liability of the members of the LLP and therefore are not included as a tax charge or provision within these financial statements.

#### *Value added tax (VAT)*

Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT. Where input tax is not recoverable, VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

### **n) Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LLP, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LLP. A contingent asset is disclosed where an inflow of economic benefits is probable.

### **o) Significant accounting estimates and judgements**

The preparation of the LLP financial statements requires management to make a number of estimates and judgements that affect the reported amounts of assets and liabilities and may differ from future actual results.

The estimates and judgements that are considered most critical and that have a significant inherent risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

*Estimating useful lives and residual values of property, plant, and equipment*

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates requires the LLP to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the LLP, and expected disposal proceeds (if any) from the future sale of the asset.

*Trade receivables*

The LLP is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. Significant financial difficulties of the debtor and default in payments are considered indicators for impairment.

**p) Standards adopted during the period**

As this is the first accounting period, the accounting policies are all newly adopted.

There have been no revisions to accounting standards during the financial period which have had an effect on the LLP's financial statements.

*Standards issued but not yet effective*

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the LLP, are:

- IFRS 9 Financial Instruments – effective for accounting periods beginning on or after 1 January 2018
- IFRS 15 Revenue and Contracts with Customers – effective for accounting periods beginning on or after 1 January 2018
- IFRS 16 Leases – effective for accounting periods beginning on or after 1 January 2019

IFRS 16 will change how the entity recognises, measures, presents and discloses leases that it holds. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The full impact of IFRS 16 on the entity has yet to be determined and will not be determined until it has been adopted.

The LLP does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.





## Note 2 - Direct expenses

	<b>2017</b>
	<b>£000</b>
Clinical supplies	26,947
General supplies	981
Rental of medical equipment	1,699
Rental of other equipment	2,095
Services from NHS bodies	5,587
Services from non-NHS bodies	3,324
Other direct costs	199
	<b>40,832</b>



## Note 3 - Administrative expenses

	<b>Notes</b>	<b>2017</b>
		<b>£000</b>
Staff costs	4	3,508
Legal and professional fees		89
Audit fees		20
Other administrative expenses		398
		<b>4,015</b>

*The audit fees are for the statutory audit of the entity's annual report and financial statements.*

**Note 4 - Staff costs**

	<b>Notes</b>	<b>2017</b>
		<b>£000</b>
Wages and salaries		1,812
Agency staff costs		1,309
Social security costs		205
Contributions to pension plans		182
		<b>3,508</b>

**Average Number**

	<b>Headcount</b>
	<b>2017</b>
Permanent staff	78
Contractors and agency staff	21
	<b>99</b>

**Average Number**

	<b>Headcount</b>
	<b>2017</b>
Technical staff	25
Corporate staff	11
Procurement and Supply Chain	63
	<b>99</b>

*No directors are directly remunerated by the entity.*


**Note 5 - Property, plant and equipment**

	Plant & equipment £000	IT equipment £000	Furniture & fittings £000	Total £000
<b>As at 1 July 2016</b>	-	-	-	-
Additions	9,592	-	-	9,592
Disposals	-	-	-	-
Impairment	-	-	-	-
Adjustments	-	-	-	-
<b>As at 31 March 2017</b>	<b>9,592</b>	-	-	<b>9,592</b>
<b>Depreciation as at 1 July 2016</b>	-	-	-	-
Charged during the period	940	-	-	940
Eliminated on disposal	-	-	-	-
Eliminated on impairment	-	-	-	-
Adjustments	-	-	-	-
<b>As at 31 March 2017</b>	<b>940</b>	-	-	<b>940</b>
<b>Net book value as at 31 March 2017</b>	<b>8,652</b>	-	-	<b>8,652</b>
<b>Asset financing</b>				
Owned	8,652	-	-	8,652
Held on finance lease	-	-	-	-
	<b>8,652</b>	-	-	<b>8,652</b>


**Note 6 - Trade and other receivables**

	Current	Non-current
	2017	2017
	£000	£000
Amounts owed by group companies	23,141	-
Less: provision for doubtful debts	-	-
Other receivables	-	-
Prepayments	354	-
Accrued income	-	-
	<b>23,495</b>	-
	Not past due	Past due
	£000	£000
<b>As at 31 March 2017</b>		
Not impaired	23,141	-
Impaired	-	-
	<b>23,141</b>	-
<b>As at 1 July 2016</b>		
Not impaired	-	-
Impaired	-	-
	-	-



## Note 7 - Trade and other payables

	Current	Non-current
	2017	2017
	£000	£000
Amounts owed to group companies	23,436	-
Other payables	376	-
VAT payables	120	-
Deferred income	-	-
	<b>23,932</b>	<b>-</b>



## Note 8 - Borrowings

	Current	Non-current
	2017	2017
	£000	£000
Loans	1,620	14,580
	<b>1,620</b>	<b>14,580</b>
	<b>2017</b>	
	<b>£000</b>	
Within one year	1,620	
Between one and five years	6,480	
After five years	8,100	
	<b>16,200</b>	

The entity has a revolving loan facility with King's under which it can borrow up to £30.0m. The loan facility is available solely for funding asset purchases and the interest rate is Bank of England base rate plus 2.0%.

As at 31 March 2017 the entity had drawn down £16.2m of the loan facility in order to purchase medical equipment and stock from King's.

## Note 9 - Members' interests

	Members' capital	Reserves	Amount due to / (from) members	Total
	£000	£000	£000	£000
<b>Balance as at 1 July 2016</b>	-	-	-	-
Profit for the current period available for division among members		1,058		1,058
	-	<b>1,058</b>	-	<b>1,058</b>
Allocated profit	-	-	-	-
Introduced by members	*	-	-	-
Repayment of capital	-	-	-	-
Drawings and distributions	-	-	-	-
<b>Balance as at 31 March 2017</b>	-	<b>1,058</b>	-	<b>1,058</b>

\* The capital introduced by members during the period was £100 and the total members' capital as at 31 March 2017 was £100. This does not appear in the table as the numbers are rounded to the nearest thousand.

## Note 10 - Commitments under operating leases

The entity's future minimum operating lease payments are as follows:

	2017
	£000
Not later than one year	5,435
Later than one year and not later than five years	11,960
Later than five years	3,977
	<b>21,372</b>



## Note 11 - Financial instruments

<b>Financial assets and liabilities by category</b>	<b>2017</b>
	<b>£000</b>
<b>Assets</b>	
Trade and other receivables	23,566
Cash and cash equivalent	2,010
	<b>25,575</b>
<b>Liabilities</b>	
Trade and other payables	24,002
Borrowings	16,200
Members' capital	-
	<b>40,203</b>

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

The entity is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the entity in undertaking its activities.

### *Credit risk*

Credit risk is the risk that a third party will default on its obligations to the entity causing it to incur a loss. In the normal of course of business, exposure to credit risk arises from cash with banks, investments, trade receivables and other receivables. For each of these, the maximum credit exposure is represented by the carrying amount in the statement of financial position.

The entity's cash assets are held within the Government Banking Service and the entity does not hold investments other than cash.

The entity's trade receivables are predominantly with government funded entities and King's makes up a significant proportion of the entity's receivables. The entity has assessed the credit risk related to receivables as low risk due to these entities being government funded.

### *Liquidity risk*

Liquidity risk is the risk that the entity will encounter difficulty raising liquid funds to meet commitments as they fall due. The entity mostly manages liquidity risk by continuously monitoring forecast cash flow requirements and management of the revolving loan facility with King's. Refer to note 8 – borrowings for further information on the loan.

## Note 12 - Related party transactions

Organisation	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
<b>2017</b>				
King's College Hospital NHS Foundation Trust	38,169	41,795	16,200	23,211
	<b>38,169</b>	<b>41,795</b>	<b>16,200</b>	<b>23,211</b>

## Note 13 - Events after the reporting period

On 1 November 2017, the Chairman of the Board, Colin Gentile, resigned from his position as Chief Financial Officer at King's.

On 17 November 2017, King's IFM executed a debenture in favour of King's. Under the debenture, King's IFM provide security to King's for the £30.0m loan facility as detailed in Note 8.

## Note 14 - Ultimate controlling party

The directors consider the ultimate controlling party to be King's, which is also the parent of the largest and smallest group preparing consolidated accounts which include the entity.

Copies of King's consolidated accounts can be obtained from King's College Hospital, Denmark Hill, London SE5 9RS.



# Corporate advisors

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