King's Facilities Management

KCH INTERVENTIONAL FACILITIES MANAGEMENT LLP
(trading as King's Facilities Management)

Annual Report & Financial Statements

Registered Number OC412121
Year ended 31st March 2018

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Company Information

Executive Director

Kathryn Dean

Non-executive Directors

Colin Gentile	(resigned 1st November 2017)
Alan Goldsman	(appointed 1st November 2017; resigned 30th April 2018)
Simon Taylor	
Julia Wendon	
Dawn Broderick	
Lisa Hollins	

Legal Advisers

Bird & Bird LLP
12 New Fetter Lane
London
EC4A 1JP

Statutory Auditor

Deloitte LLP
3 Victoria Square
Victoria Street
St Albans
AL1 3TF

Registered Office

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

Strategic report

The Directors present their Strategic report for the year ended 31st March 2018.

Principal activities

KCH Interventional Facilities Management is a limited liability partnership (LLP) incorporated and domiciled in the UK. The LLP, which trades as King's Facilities Management (King's FM) is wholly owned by King's College Hospital NHS Foundation Trust.

The principal activities of King's FM are the provision of fully managed diagnostic and treatment services covering Theatres, endoscopy, radiology, renal dialysis, critical care, catheter laboratory services, liver laboratories to King's College Hospital Trust. The service also includes procurement, equipment and the supply chain. Services are provided across all sites within the Trust, including King's College Hospital, Princess Royal University Hospital, Queen Mary's Sidcup, Beckenham Beacon and Orpington Hospital. On 1st August 2017 the company expanded the provision of facilities management to Dental services.

Business review and results

The results for the year are set out in the Statement of Comprehensive Income on page 11. Turnover for the year is £97m (9 months period ending 31st March 2017: £47m). King's FM reported a loss for the year ended March 2018 of £1m (2017 - profit £1m).

The position at year-ended March 2018 is the first full-year of King's FM trading; during the year additional costs relating to service transfers in 2016-17 were transferred to King's FM. These costs were not adequately funded during the year. The Group has agreed to review the funding model for 2018-19.

Principal risk and uncertainties

All of King's FM income is secured under contracts with King's College Hospital NHS Foundation Trust, a government-funded entity. These contracts currently end on 30 June 2021.

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

Future plans

King's FM is actively looking to increase the scope of services it provides to King's College Hospital.

Approved by the Board on 10th December 2018 and signed for and on behalf of the Board by

Andrew Lockwood
Managing Director

14th December 2018

Directors' Report for the year ended 31 March 2018

The directors present their annual report and audited financial statements for the year ended 31 March 2018.

The director's report information required by Schedule 7 to the Companies Act accounting Regulations (future plans) has been disclosed in the Strategic Report on page 3.

Directors in post during the year;

Executive Director

Kathryn Dean

Non-executive Directors

Colin Gentile	(resigned 1st November 2017)
Alan Goldsman	(appointed 1st November 2017; resigned 30th April 2018)
Simon Taylor	
Julia Wendon	
Dawn Broderick	
Lisa Hollins	

Results and profit allocation to members

The results for the year are shown in the Statement of Comprehensive Income on page 11. There have been no drawings by the members during the year.

Members' capital

King's FM issued £100 of members' capital for a consideration of £100 on 27 June 2016.
The total members' capital is £100. King's College Hospital NHS Foundation Trust own £99 of the members' capital and KCH Commercial Services Ltd. own £1 of the issued members' capital.
Details of the members' capital are set out in note 10 of the financial statements.

Financial risk

King's FM cash assets are held within the Government Banking Service. King's FM does not hold investments other than cash and does not utilise complex financial instruments such as derivatives in its operations.

King's FM trade receivables is with King's College Hospital NHS Foundation Trust a government funded entity.

King's FM manages liquidity risk by continuously monitoring cash flow requirements and managing its borrowings via a loan facility provided by King's College Hospital. 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 'k' and note 4.

Employees

Employees are encouraged to maximise their contribution to King's FM and wider NHS. King's FM 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

King's FM 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 King's FM.
King's FM supports the recruitment of staff with disabilities having full regard to their aptitudes and abilities. King's FM 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 King's FM during the year ended 31 March 2018, (2017 – Nil).

Going concern

The Directors of King's Facilities Management LLP ('the LLP') have considered the financial position and prospects of the LLP and have concluded that the accounts should be prepared on a going concern basis. In reaching this conclusion, they have considered the forward looking prospects for the LLP, its long term contract and relationship with King's College Hospital NHS Foundation Trust, and the letter of support provided by the Trust to the LLP.

The Directors do however recognise the continued financial deficit of King's College Hospital NHS Foundation Trust, and that its regulator, NHS Improvement, has placed it in financial special measures. This has led the Trust Directors to identify a material uncertainty in the finances of the Group that may cast significant doubt as to the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. As the Group includes the LLP, and because the LLP is reliant on support from the Trust, and reliant on the Trust for the majority of its revenue, this material uncertainty also applies to the LLP. As directed by the 2017/18 Department of Health and Social Care Group Accounting Manual, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. While the Trust remains dependent on continuing financial support from the Department of Health and Social Care, the boards of both the Trust and the LLP have a reasonable expectation that this will be provided and have prepared their financial statements on a going concern basis.

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 King's FM'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 King's FM's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP was appointed as King's FM's external auditor on 30 March 2017. King's College Hospital 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 King's FM is to reappoint Deloitte LLP as auditor so that King's FM maintains the same external auditor as King's College Hospital NHS Foundation Trust.

The report was approved by the Board on 10th December 2018 and signed for and on behalf of the Board by:

Andrew Lockwood
Managing Director

Unit 1, 129 Coldharbour Lane
London
SE5 9NY

14th December 2018

Statement of members' responsibilities

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Board on behalf of the members.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements KCH Interventional Facilities Management LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (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.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flows;
- the 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 IFRSs as adopted by the European Union.

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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that given the financial performance and position of the limited liability partnership's parent, King's College Hospital NHS Foundation Trust, and the need for the Trust to secure additional borrowing within the 12 month period after year end, a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Because of the limited liability partnership's reliance on the Trust for the majority of the limited liability partnership's revenue, a material uncertainty also exists that may cast significant doubt on the limited liability partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The members 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 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 respect of these matters.

Responsibilities of members

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, and for such internal control as the members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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. 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.

Jonathan Gooding FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
14th December 2018

Statement of comprehensive income

for the year ended 31 March 2018

	Notes	2018 £000	2017 £000
Operating revenue		96,812	46,845
Direct expenses	2	(87,527)	(40,832)
Administrative expenses	3	(8,493)	(4,015)
Depreciation	5	(1,462)	(940)
Operating (Loss)/Profit		**(671)**	**1,058**
Finance income		7	-
Finance costs		(385)	-
Gain on disposal of property, plant and equipment		2	-
(Loss)/Profit before tax and members' remuneration		**(1,046)**	**1,058**
Taxation expense		-	-
(Loss)/Profit before members' remuneration		(1,046)	1,058
Members' remuneration charged as an expense		-	-
(Loss)/Profit for the year		**(1,046)**	**1,058**

The above relates wholly to continuing operations.

Statement of financial position

as at 31 March 2018

	Notes	2018 £000	2017 £000
Non-current assets			
Intagible assets	5	278	-
Property, plant and equipment	6	7,640	8,652
Total Non-current assets		**7,918**	**8,652**
Current assets			
Trade and other receivables	7	26,846	23,495
Cash and cash equivalents		3,238	2,010
Inventory		8,339	7,033
Total Current assets		**38,423**	**32,538**
Total assets		**46,341**	**41,190**
Current liabilities			
Trade and other payables	8	30,129	23,932
Borrowings	9	-	-
Total current liabilities		**30,129**	**23,932**
Total assets less current liabilities		**16,212**	**17,258**
Non-current liabilities			
Borrowings	9	16,200	16,200
Total Non-current liabilities		**16,200**	**16,200**
Total liabilities		**46,329**	**40,132**
Net assets		**12**	**1,058**
Members' interests			
Members' capital		-	-
Members' Reserves	10	12	1,058
Total members' interests		**12**	**1,058**

These financial statements were approved and authorised for issue by the Board of Directors on 10th December 2018 and signed for and on its behalf by:

Andrew Lockwood
Managing Director

Date: 14th December 2018

KCH Interventional Facilities Management LLP
Company registered number: OC412121

Statement of cash flows
for the year ended 31 March 2018

	Notes	2018 £000	2017 £000
Cash flow from operating activities			
(Loss)/Profit for the year/period		(1,046)	1,058
Adjustments for non-cash transactions:			
Gain on disposal of property, plant and equipment		(2)	-
Depreciation and amortisation	5,6	1,462	940
Adjustments for:			
Interest received		(7)	-
Interest paid		385	-
Increase in inventories		(1,306)	(7,033)
Increase in trade and other receivables	7	(3,351)	(23,495)
Increase in trade and other payables	8	6,198	23,932
Net cash inflow/(outflow) from operating activities		**2,332**	**(4,599)**
Investing activities			
Interest received		7	-
Purchase of property, plant and equipment		(746)	(9,592)
Sales of property, plant and equipment		20	
Net cash outflow from investing activities		**(719)**	**(9,592)**
Financing activities			
Proceeds from the issue of share capital		-	-
Increase in loans	9	-	16,200
Interest paid		(385)	-
Net cash (outflow)/inflow from financing activities		**(385)**	**16,200**
Increase in cash and cash equivalents for the year/period		**1,229**	**2,009**
Cash and cash equivalents at start of year/period		**2,010**	**-**
Cash and cash equivalents at end of year/period		**3,238**	**2,009**

Statement of changes in members' interests

for the year ended 31 March 2018

	Members' capital	Members' other interests
	£000	£000
At 1 July 2016	-	-
Profit for the year	-	1,058
Other comprehensive income	-	-
Total comprehensive income for the year	-	1,058
Allocated profit in period	-	-
Issue of capital	-	-
Transactions with owners	-	-
At 31 March 2017	-	**1,058**
Loss for the year	-	(1,046)
Other comprehensive income	-	-
Total comprehensive loss for the year	-	(1,046)
Allocated profit in period	-	-
Issue of capital	-	-
Transactions with owners	-	-
At 31 March 2018	-	**12**

Notes to the accounts

1. Corporate Information and accounting policies

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.

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 Directors of King's Facilities Management LLP ('the LLP') have considered the financial position and prospects of the LLP and have concluded that the accounts should be prepared on a going concern basis. In reaching this conclusion, they have considered the forward looking prospects for the LLP, its long term contract and relationship with King's College Hospital NHS Foundation Trust, and the letter of support provided by the Trust to the LLP.

The Directors do however recognise the continued financial deficit of King's College Hospital NHS Foundation Trust, and that its regulator, NHS Improvement, has placed it in financial special measures. This has led the Trust Directors to identify a material uncertainty in the finances of the Group that may cast significant doubt as to the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. As the Group includes the LLP, and because the LLP is reliant on support from the Trust, and reliant on the Trust for the majority of its revenue, this material uncertainty also applies to the LLP. As directed by the 2017/18 Department of Health and Social Care Group Accounting Manual, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. While the Trust remains dependent on continuing financial support from the Department of Health and Social Care, the boards of both the Trust and the LLP have a reasonable expectation that this will be provided and have prepared their financial statements on a going concern basis.

Accounting policies

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.

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 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) Intangible Assets

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The LLP amortises intangibles over the following useful lives range:

Software license 3 - 10 years
Development cost 5 - 10 years

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

h) Inventories

Inventories relates to medical consumables and are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First In, First Out method. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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

o) 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.

p) 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.

q) 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.

r) Standards adopted during the period

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.

IFRS 17 Insurance Contracts - effective for accounting periods beginning on or after 1 January 2021.

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

	2018 £000	2017 £000
Clinical supplies	50,155	26,947
General supplies	5,915	981
Rental of medical equipment	10,912	1,699
Rental of other equipment	2,603	2,095
Services from NHS bodies	2,818	5,587
Services from non- NHS bodies	13,234	3,324
Other direct costs	1,889	199
Total	**87,527**	**40,832**

Note 3 – Administrative expenses

	Notes	2018 £000	2017 £000
Staff costs	4	7,721	3,508
Legal and professional fees		399	89
Audit fees		30	20
Other administrative expenses		343	398
Total		**8,493**	**4,015**

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

Note 4 – Staff costs

	Notes	2018 £000	2017 £000
Wages and salaries		4,410	1,812
Agency staff costs		2,543	1,309
Social security costs		422	205
Contributions to pension plans		346	182
Total staff costs		**7,721**	**3,508**

Monthly Average Number

	Headcount 2018	Headcount 2017
Permanent staff	130	78
Agency staff	31	21
Total	**161**	**99**

Note 4a – Directors' Remuneration

	Notes	2018 £000	2017 £000
Directors' remuneration charged by group companies		153	90
Payments to third parties in respect of directors' services		236	184
Total		**389**	**274**

Note 5 – Intangible assets

	Intangible Assets £000	Total £000
As at 1 April 2017	-	-
Additions	326	326
Disposals	-	-
As at 31 March 2018	**326**	**326**
Depreciation as at 1 July 2017	-	-
Charged during the year	48	48
As at 31 March 2018	**48**	**48**
Net book value as at 31 March 2018	**278**	**278**
Net book value as at 31 March 2017	-	-
Asset financing		
Owned	278	278
Total	**278**	**278**

Note 6 – Property, plant and equipment

	Plant & equipment £000	Total £000
As at 1 April 2017	9,592	9,592
Additions	420	420
Disposals	(20)	(20)
As at 31 March 2018	**9,992**	**9,992**
Depreciation as at 1 July 2017	940	940
Charged during the year	1,413	1,413
As at 31 March 2018	**2,353**	**2,353**
Net book value as at 31 March 2018	**7,640**	**7,640**
Net book value as at 31 March 2017	**8,652**	**8,652**
Asset financing		
Owned	7,640	7,640
Total	**7,640**	**7,640**

Note 7 – Trade and other receivables

	Current 2018 £000	Current 2017 £000
Amount owed by group companies	19,742	23,141
Less: provision for doubtful debts	-	-
Other receivables	687	-
Prepayments	811	354
Amount accrued for group companies	5,606	-
Total	**26,846**	**23,495**

	Not past due £000	Not past due £000
As at 31 March		
Not impaired	26,035	23,141
Impaired	-	-
Total	**26,035**	**23,141**

Note 8 – Trade and other payables

	Current 2018 £000	Non-current 2018 £000	Current 2017 £000	Non-current 2017 £000
Amounts owed to group companies	23,098	-	5,943	-
Trade payables	2,186	-	-	-
Other payables	176	-	376	-
VAT payables	-	-	120	-
Amount accrued to group companies	1,843	-	17,493	-
Other accruals	2,826	-	-	-
Deferred income	-	-	-	-
Total	**30,129**	**-**	**23,932**	**-**

Note 9 – Borrowings

	Current 2018 £000	Non-current 2018 £000	Current 2017 £000	Non-current 2017 £000
Loans	-	16,200	-	16,200
Total	**-**	**16,200**	**-**	**16,200**

	2018 £000	2017 £000
Within one year	-	-
Between one and five years	-	-
After five years	16,200	16,200
Total	**16,200**	**16,200**

The entity has a revolving loan facility with King's under which it can borrow up to £30m. The loan facility is available solely for funding asset purchases and the interest rate is Bank of England base rate plus 2%. The loan is repayable in full on 31st March 2027. Prior year comparitive has been restated to reflect the terms of the loan.

Note 10 – Members' interests

	Members' capital *	Reserves	Amount due to / (from) members	Total
	£000	£000	£000	£000
Balance as at 1 April 2017	**-**	**1,058**	**-**	**1,058**
Profit for the current year available for division among members	-	(1,046)	-	**(1,046)**
Total	**-**	**12**	**-**	**12**
Allocated profit	-	-	-	-
Introduced by members	-	-	-	-
Repayment of capital	-	-	-	-
Drawings and distributions	-	-	-	-
Balance as at 31 March 2018	**-**	**12**	**-**	**12**

**The capital introduced by member was £100 and the total member's capital as at 31st March 2018 was £100. This does not appear in the table as the numbers are rounded to the nearest thousand.*

Note 11 – Commitments under operating leases

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

	2018	2017
	£000	£000
Within one year	4,868	5,435
Between one and five years	11,018	11,960
More than five years	2,836	3,977
Total	**18,722**	**21,372**

Note 12 – Financial instruments

Financial assets and liabilities by categogory	2018	2017	
	£000	£000	
Assets			
Trade and other receivables	26,035	23,141	*
Cash and cash equivalent	3,238	2,010	
Total Assets	**29,273**	**25,150**	
Liabilities			
Trade and other payables	30,129	23,932	*
Borrowings	16,200	16,200	
Members' capital	0	0	
Total Liabilities	**46,329**	**40,132**	

* 2017 comparators have been restated to reflect the figures in note 7 and 8.

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 udertaking 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 the 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 entitiy has assessed the credit risk receivables as low risk as the entity's trade receivables are all from King's College Hospital which is a government funded organisation.

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 College Hospital.

Note 13 – 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
2018				
King's College Hospital NHS Foundation Trust	52,267	76,235	41,141	25,348
KCH Commercial Services Ltd				
Total	52,267	76,235	41,141	25,348
2017				
King's College Hospital NHS Foundation Trust	38,169	41,795	39,635 *	23,141 *
KCH Commercial Services Ltd				
Total	38,169	41,795	39,635	23,141

* 2017 comparators have been restated to reflect figures in notes 7, 8 and 9
Director remuneration has been disclosed in Note 4a.

Note 14 - Ultimate controlling party

The LLP is controlled by King's College Hospital NHS Foundation Trust as a wholly owned subsidary. The only group accounts in which these accounts are consolidated is that headed by King's College Hospital NHS Foundation Trust. The consolidated financial, statements of King's College Hospital are available from King's College Hospital, Denmark Hill, London, SE5 9RS, which is the registered address.