



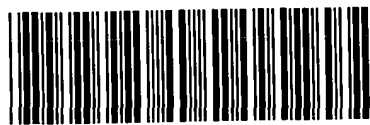
KCH INTERVENTIONAL FACILITIES MANAGEMENT LLP  
(trades as KFM)

# Annual Report & Financial Statements

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Registered Number OC412121  
Year ended 31 March 2021

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## **KCH Interventional Facilities Management LLP Information**

### **Designated members**

King's College Hospital NHS Foundation Trust, a public benefit corporation, with a main office at Denmark Hill, London SE5 9RS.

KCH Commercial Services Ltd, a company incorporated in England and Wales, company number 06023863, with a registered office at Unit 7, KCH Business Park, Coldharbour Lane, London, England, SE5 9NY.

### **Registered Office**

Unit 1, 129 Coldharbour Lane, London, England, SE5 9NY

### **LLP number**

OC412121

### **Auditors**

Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG, United Kingdom

## **The Members' report**

The members present their report and audited financial statements of KCH Interventional Facilities Management LLP for the year ended 31 March 2021.

### **Principal activity and review of the business**

#### Principal activity

KCH Interventional Facilities Management LLP ("LLP") is a limited liability partnership incorporated and domiciled in the UK. The LLP, which trades as KFM is wholly owned by the King's College Hospital NHS Foundation Trust group ("Group"). Members of the Group being King's College Hospital NHS Foundation Trust and KCH Commercial Services Ltd own the LLP in proportions described in the Member's capital section of the Members' report.

The principal activities of the LLP are delivering a fully managed support service across all clinical areas of King's College Hospital NHS Foundation Trust ("Trust"). This includes providing all required clinical supplies and equipment along with maintenance, training and technical support, endoscopy decontamination, sterile services, renal dialysis support, outpatients' pharmacy, radiology IT, transformation and project management. KFM also provides a procurement and contract management service for all Trust departments. The 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. In the year, the company expanded its service provision through external (non Kings) sales of PPE (Personal Protective Equipment) in response to demand during Covid-19.

#### Business review and results

The results for the year are set out in the Statement of Comprehensive Income on page 10. Turnover for the year was £154.1m (year ended 31 March 2020 - £137m). The LLP reported a profit for the year ended March 2021 of £6.7m (2020 - profit £6m).

#### Principal risk and uncertainties

The majority of the LLP's income is secured under contracts with the Trust, a government-funded entity. These contracts currently end on 30 June 2024.

The LLP currently lacks a diversified customer base with the Trust as the primary customer. The Trust, like many NHS Trusts, is currently experiencing financial difficulties and this provides a specific customer risk to the LLP. This risk is mitigated by the fact that the Trust is government funded and the LLP's business is intrinsically linked with the continuing provision of essential public health services at the Trust. During 2020/21 KFM continued to build on its strategy to expand its service provision to the Trust, and also to new non-Trust customers in order to diversify its customer base, focussing on providing support services that enable safe, effective, efficient and timely patient care. KFM had to rapidly adapt service delivery during COVID-19 and demonstrated agility and responsiveness in quickly ramping up supply chain, procurement and technical support services. The experience gained and foundations established as a result will serve KFM well in the future. The impact of COVID 19 on the LLP and its parent company are discussed in the King's College Hospital NHS Foundation Trust annual report.

#### Financial risk

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

The LLP trade receivable is with the Trust, a government funded entity.

The LLP manages liquidity risk by continuously monitoring cash flow requirements and managing its borrowings via a loan facility provided by the Trust. 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 1k and note 4.

### Employees

Employees are encouraged to maximise their contribution to the LLP and wider NHS. The LLP 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 1k and note 4 of the financial statements.

### Equality and diversity

The LLP 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 LLP.

The LLP supports the recruitment of staff with disabilities having full regard to their aptitudes and abilities. The LLP 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 LLP during the year ended 31 March 2021 (2020 – Nil).

### Streamlined Energy and Carbon Reporting (SECR)

KFM shares its operating premises with the Trust. Information of the group position on carbon emissions and sustainability can be found in the Annual Sustainability report and the Trust's Annual report.

### Future plans

The LLP is actively looking to increase the scope of services it provides to the Trust and other customers and continues to successfully expand the portfolio of services provided.

### **Designated Members**

The designated members of the LLP throughout the year were King's College Hospital NHS Foundation Trust and KCH Commercial Services Ltd.

### **Results and profit allocation to members**

The results for the year are shown in the Statement of Comprehensive Income on page 10. There have been no drawings by the members during the year.

### **Members' capital**

The LLP issued £100 of members' capital for a consideration of £100 on 27 June 2016. The total members' capital is £100. The Trust own £90 (2020 £99) of the members' capital and KCH Commercial Services Ltd own £10 (2020 £1) of the issued members' capital.

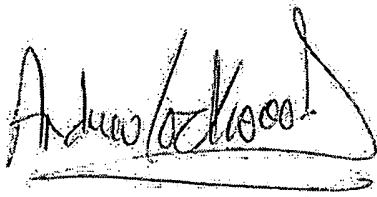
Details of the members' capital are set out in note 9 of the financial statements.

## **Auditors**

All of the members as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the LLP's auditor is unaware.

## **Approval**

The report was signed for and on behalf of the Board by

A handwritten signature in black ink, appearing to read "Andrew Lockwood", written over a horizontal line.

**Andrew Lockwood**  
Managing Director

16 August 2021

### **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 international accounting standards in conformity with the requirements of 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**

### **Opinion**

We have audited the financial statements of KCH Interventional Facilities Management LLP (the 'limited liability partnership') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' interests, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the LLP as at 31 March 2021 and of its profit for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **Basis for qualified opinion**

Due to the national lockdown arising from the Covid-19 pandemic in March 2020, management were not able to count all its physical inventories at 31 March 2020 and the prior year auditors were unable to satisfy themselves by alternative means concerning the inventory quantities held at that date, which had a carrying amount in the Statement of Financial Position of £12.3m. Consequently, we were unable to determine whether any adjustment to this amount at 31 March 2020 was necessary and consequently whether there is any impact on the comparative information for the year ended 31 March 2020 and on the opening balance sheet and expenditure for the year ended 31 March 2021.

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 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 qualified opinion.

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LLP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the



date of our report. However, future events or conditions may cause the LLP to cease or continue as a going concern.

In our evaluation of the members' conclusions, we considered the inherent risks associated with the LLP's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the members and the related disclosures and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the members with respect to going concern are described in the 'Responsibilities of members for the financial statements' section of this report.

### **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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of members for the financial statements**

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 LLP'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 LLP 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the LLP and determined that the most significant are those that relate to the reporting frameworks (IFRS and Companies Act 2006).
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the LLP's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations; and
  - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- In addition, we concluded that there are certain specific laws and regulations that may have an effect on the determination of amounts and disclosures in the financial statements and those laws and

regulations relating to health and safety, employee matters, environmental and bribery and corruptions matters.

- We corroborated the results of our enquires to relevant supporting documentation.
- We assessed the susceptibility of the LLP's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates;
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the LLP's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the LLP's control environment, including the adequacy of procedures for authorisation of transactions, internal review procedures over the LLP's compliance with regulatory requirements

### **Use of our report**

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnership. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Norris FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date: 16 August 2021

**Statement of comprehensive income**  
for the year ended 31 March 2021

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
Operating revenue		154,068	136,914
Direct expenses	2	(128,709)	(117,090)
Administrative expenses	3	(17,571)	(13,043)
<b>Operating profit / (loss)</b>		<b>7,788</b>	<b>6,781</b>
Finance income		102	50
Finance costs		(1,184)	(833)
<b>Profit / (loss) before tax</b>		<b>6,706</b>	<b>5,998</b>
Taxation expense		-	-
<b>Profit / (loss) for the year</b>		<b>6,706</b>	<b>5,998</b>

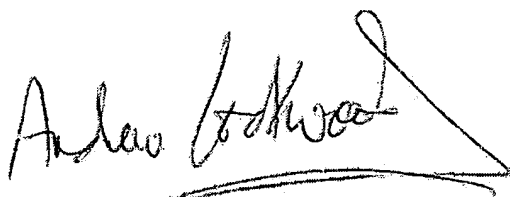
The above relates wholly to continuing operations.

**Statement of financial position**  
as at 31 March 2021

	Notes	2021 £000	2020 £000
<b>Non-current assets</b>			
Intangible assets	5	515	755
Trade and other receivables	6	54,614	30,443
<b>Total Non-current assets</b>		<b>55,129</b>	<b>31,198</b>
<b>Current assets</b>			
Trade and other receivables	6	21,235	34,638
Cash and cash equivalents		13,860	7,625
Inventory		14,391	12,316
<b>Total Current assets</b>		<b>49,486</b>	<b>54,579</b>
<b>Total assets</b>		<b>104,615</b>	<b>85,777</b>
<b>Current liabilities</b>			
Trade and other payables	7	42,361	37,531
Lease liabilities	13	1,131	1,199
Members' capital	7	-	-
<b>Total current liabilities</b>		<b>43,492</b>	<b>38,730</b>
<b>Total assets less current liabilities</b>		<b>61,123</b>	<b>47,047</b>
<b>Non-current liabilities</b>			
Trade and other payables	7	238	131
Borrowings	8	47,853	38,444
Lease liabilities	13	2,425	4,571
<b>Total Non-current liabilities</b>		<b>50,516</b>	<b>43,146</b>
<b>Total liabilities</b>		<b>94,008</b>	<b>81,876</b>
<b>Net assets</b>		<b>10,607</b>	<b>3,901</b>
<b>Members' interests</b>			
Members' interests*		10,607	3,901
<b>Total members' interests</b>		<b>10,607</b>	<b>3,901</b>

\*Members' Interests represent the unallocated profits available for discretionary distribution amongst members

These financial statements were approved and authorised for issue by the Board of Directors on 16 August 2021 and signed for and on its behalf by:



**Andrew Lockwood**  
Managing Director

**Date: 16 August 2021**

KCH Interventional Facilities Management LLP  
Company registered number: OC412121

**Statement of cash flows**  
for the year ended 31 March 2021

	Notes	2021 £000	2020 £000
<b>Cash flow from operating activities</b>			
Profit for the year		6,706	5,998
<b>Adjustments for:</b>			
Amortisation	5	71	62
Interest paid on lease liabilities	13	54	48
<b>Adjustments for:</b>			
Interest received		(102)	(50)
Interest paid		1,130	785
(Increase) / decrease in inventories		(2,075)	(1,744)
(Increase) / decrease in trade and other receivables	6	(11,776)	8,061
Increase / (decrease) in trade and other payables	7	4,938	(19,814)
<b>Net cash outflow from operating activities</b>		<b>(1,055)</b>	<b>(6,654)</b>
<b>Investing activities</b>			
Interest received		102	50
Sale / (Purchase) of Intangible assets		169	(784)
<b>Net cash (outflow) / inflow from investing activities</b>		<b>271</b>	<b>(734)</b>
<b>Financing activities</b>			
Repayment of Loans	8	(1,000)	(3,772)
Loan Drawdowns	8	10,409	14,300
Interest paid		(1,184)	(833)
Payment of lease liabilities		(1,206)	(511)
<b>Net cash inflow from financing activities</b>		<b>7,019</b>	<b>9,184</b>
<b>Increase in cash and cash equivalents for the year</b>		<b>6,235</b>	<b>1,796</b>
<b>Cash and cash equivalents at start of year</b>		<b>7,625</b>	<b>5,829</b>
<b>Cash and cash equivalents at end of year</b>		<b>13,860</b>	<b>7,625</b>

**Statement of changes in members' interests**  
for the year ended 31 March 2021

	<b>Members' interests</b>
	<b>£000</b>
<b>At 1 April 2019</b>	<b>(2,097)</b>
Profit for the year	5,998
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>5,998</b>
Allocated profit in period	-
Issue of capital	-
<b>Transactions with owners</b>	<b>-</b>
<b>At 31 March 2020</b>	<b>3,901</b>
Profit for the year	6,706
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>6,706</b>
Allocated profit in period	-
Issue of capital	-
<b>Transactions with owners</b>	<b>-</b>
<b>At 31 March 2021</b>	<b>10,607</b>

**Notes to the accounts**

**1. Corporate Information and accounting policies**

KCH Interventional Facilities Management LLP is a limited liability partnership incorporated in England and Wales under the Limited Liability Partnership Act 2000. 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 properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, as applied to Limited Liability Partnerships.

## **Going Concern**

IAS 1 requires management to undertake an assessment of the LLP's ability to continue as a going concern.

The management board of the LLP ("Board") 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 the Trust, and the letter of support provided by the Trust to the LLP.

The financial statements do not include any adjustments that would result if the going concern basis were not appropriate. The Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by LLP to the Trust will continue to be provided in the foreseeable future. While the LLP remains dependent on continuing financial support from King's College Hospital NHS Foundation Trust, the board of the LLP has 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**

Revenue is principally derived from income from contracts with the LLP's customer for the provision of managed services.

Revenue from the sale of services is recognised when (or as) the LLP completes the performance of services to the customer at the amount to which the LLP expects to be entitled, and all obligations have been fulfilled in relation to the revenue and/or contract.

Depending on whether certain criteria are met, revenue is recognised over time, in a manner that best reflects the LLP's performance, when control of services is transferred to the customer.

Management considers that the services provided under these contracts meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer over time. The series constitutes services provided in distinct time increments and therefore the LLP treats the series of such services as one performance obligation.

### **c) Leases**

The LLP has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated. The details of accounting policies under IFRS 16 are presented separately below.



### *The LLP as a lessee.*

The LLP has applied IFRS 16 for leases using the cumulative catch-up approach and therefore comparative information has not been restated. For any new contracts entered into on or after 1 January 2019, the LLP considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the LLP assesses whether the contract meets three key evaluations which are whether: a.) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the LLP, b.) the LLP has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract, the LLP has the right to direct the use of the identified asset throughout the period of use. The LLP assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The LLP depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The LLP also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the LLP measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the LLP's incremental borrowing rate (the HM Treasury discount rate of 1.27% has been used during the year ended 31 March 2021).

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The LLP has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

In the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included in current and non-current liabilities.

### *Embedded Leases:*

Medical equipment purchased and owned by KFM is provided under contract for use by the Trust. Each asset is provided to the Trust for sole use for the full useful life of the asset and all benefits from the right of use accrue to the Trust. The Trust will identify the asset required upfront and will provide specifications to KFM. KFM will not be able to instruct the Trust as to what assets must be acquired for the service. On termination of the service contract, the Trust has the right to purchase the assets at NBV or to have KFM sell the asset to the preplacement service provider at NBV so that the Trust may continue to use them. As the Lessor, under IFRS 16, the contract between KFM and the Trust does contain an embedded lease as the contract conveys the right to control the use of the identified assets for a period of time in exchange for consideration.

### *Sub-Leases:*

Medical equipment is leased by KFM and provided by KFM under contract for use by the Trust. Each leased asset is provided to the Trust for the sole use for the duration of the lease and all the benefits of

the right of use accrue to the Trust. The Trust will identify the leased asset required upfront and will provide specifications to KFM. KFM will not be able to instruct the Trust as to what leased assets must be acquired for the service. As an intermediate Lessor the contract between KFM and the Trust contains a sub-lease as the contract conveys the right to control of the identified lease during the lease term in exchange for a consideration.

#### *The LLP as a lessor.*

Contracts are classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

When the LLP is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the LLP's net investment in leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the LLP's net investment outstanding in respect of the leases.

#### **d) Finance income and expenses**

Finance costs are comprised of interest expense on borrowings and financial 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) Right-of-use-Assets**

The LLP has recognised £4.8m of right-of-use assets under IFRS 16 during the year ended 31 March 2021. Right of use assets relating to these leases have been immediately de-recognised as they are provided under subleases to the LLP's parent under finance leases.

#### **g) Intangible Assets**

##### *Amortisation*

Intangible assets, which relate wholly to software licences, are included at cost when the service or product is received and are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Useful economic life reflects the period over which an asset is expected to be available for use by the LLP. Any impairments are recognised and booked when relevant. The LLP amortises intangibles over the following useful lives range:

Software license 3 - 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 relate 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 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.

NHS England adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. NHS England therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and NHS England does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss

#### **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 fair value adjusted for transaction costs.

##### *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.

#### *Lease Liabilities*

Lease liability represents KFM's obligation to make lease payments as the lessee.

### **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 participating employers 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.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the Government Financial Reporting Manual (FRoM) requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FRoM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### **b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

The annual report of King's College Hospital NHS Foundation Trust has additional details in respect of the NHS Pension Scheme in note 4.6 Pension Costs.

#### ***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.

#### **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 for an accounting year but not to exceed their share of allocated profits.

#### **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.

The current members are King's College Hospital NHS Foundation Trust and KCH Commercial Services Ltd and the profit is allocated in line with their proportion of the capital being 90% and 10% respectfully.

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 judgements that affect the reported amounts of assets and liabilities.

There were no critical judgements involving estimation uncertainty. Other critical judgements involving the application of the LLP's accounting policies were as follows.

##### *Accounting for medical equipment provided to the LLP's customer under service agreements*

Medical equipment is purchased or leased by the LLP and provided to its customer, King's College Hospital NHS Foundation Trust under its service agreements with the Trust. The LLP has concluded that this equipment or right-of-use asset is the subject of a lease or sub-lease which should be accounted for separately from the rest of the service agreement as the equipment is specified within the agreements, the LLP is only able to replace with the agreement of the Trust and the Trust has the ability to operate or direct the LLP to operate in a manner it determines and has the full utility of the equipment during the period of the arrangement. The LLP has also concluded that the lease should be classified as a finance lease based on an analysis of the extent to which risks and rewards incidental to ownership have been transferred and in particular the expectation that an option for the Trust to purchase the equipment at the end of the arrangement would be exercised.

#### **r) Standards adopted during the period**

No new accounting standards have been adopted during the reported period.

### s) Operating Profit

Operating profit is stated before finance income and finance costs.

#### Note 2 – Direct expenses

	2021	2020
	£000	£000
Clinical supplies	56,393	56,735
General supplies	44,800	23,501
Rental of medical equipment	7,466	13,896
Rental of other equipment	4,657	3,462
Services from NHS bodies	9,189	8,754
Services from non-NHS bodies	2,893	6,813
Other direct costs	3,311	3,929
<b>Total</b>	<b>128,709</b>	<b>117,090</b>

Stock charge included in Direct Expenses during the year was £93.8m (2020 £73.7m).

#### Note 3 – Administrative expenses

		2021	2020
	Notes	£000	£000
Staff costs	4	13,955	10,792
Legal and professional fees		1,349	1,192
Audit fees		54	47
Premises cost		477	347
Amortisation	5	71	62
Other administrative expenses		1,665	603
<b>Total</b>		<b>17,571</b>	<b>13,043</b>

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

#### Note 4 – Staff costs

	2021	2020
	£000	£000
Wages and salaries	11,488	8,245
Agency staff costs	632	1,241
Social security costs	1,196	798
Contributions to pension plans	639	507
<b>Total staff costs</b>	<b>13,955</b>	<b>10,791</b>

#### Average Number

	Headcount	Headcount
	2021	2020
Permanent staff	259	203
Agency staff	17	20
<b>Total</b>	<b>276</b>	<b>224</b>

The remuneration of the members of the Management Board of the LLP, who are its key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

**Note 4a – Key Management Personnel Remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Short-term employee benefits	392	330
Post-employment benefits	18	16
<b>Total</b>	<b>410</b>	<b>346</b>

**Note 5 – Intangible assets**

	<b>Intangible Assets £000</b>
<b>As at 1 April 2019</b>	<b>326</b>
Additions	784
Disposal	(326)
<b>As at 31 March 2020</b>	<b>784</b>
Amortisation as at 1st April 2019	292
Impairment	-
Charged during the year	62
Eliminated on disposal	(326)
Eliminated on impairment	-
<b>Accumulated Amortisation</b>	<b>28</b>
<b>Net Book Value as at 31 March 2020</b>	<b>756</b>
<b>As at 1 April 2020</b>	<b>784</b>
Additions	253
Disposals	(422)
Impairment	-
Adjustments	-
<b>As at 31 March 2021</b>	<b>615</b>
Amortisation as at 1st April 2020	28
Impairment	-
Charged during the year	71
Eliminated on disposal	-
Eliminated on impairment	-
Adjustments	-
<b>Accumulated Amortisation</b>	<b>99</b>
<b>Net Book Value as at 31 March 2021</b>	<b>516</b>
<b>Asset financing</b>	
Owned	516
Held on finance lease	-
<b>Total</b>	<b>516</b>

Cost and net book value at 31 March 2021 included assets under development of £253k (2020 £422k).



#### Note 6 – Trade and other receivables

	Current 2021 £000	Non Current 2021 £000	Current 2020 £000	Non-current 2020 £000
Amount owed by group companies	5,281	-	21,052	167
Other receivables	1,835	-	86	-
Vat receivables	2,953	-	618	-
Finance Lease receivables -embedded	7,897	52,189	3,591	25,705
Finance Lease receivables - subleases	1,131	2,425	1,199	4,571
Prepayments	1,472	-	1,624	-
Amount accrued for group companies	666	-	6,468	-
<b>Total</b>	<b>21,235</b>	<b>54,614</b>	<b>34,638</b>	<b>30,443</b>

#### Note 7 – Trade and other payables

	Current 2021 £000	Non-current 2021 £000	Current 2020 £000	Non-current 2020 £000
Amounts owed to group companies	8,970	-	9,462	-
Trade payables	12,089	238	11,574	131
Other payables	461	-	388	-
Amount accrued to group companies	752	-	2,465	-
Other accruals	19,905	-	13,421	-
Deferred income	184	-	221	-
Members' capital	-	-	-	-
<b>Total</b>	<b>42,361</b>	<b>238</b>	<b>37,531</b>	<b>131</b>

\*The capital introduced by members was £100 and the total member's capital as at 31st March 2021 was £100. This does not appear in the table as the numbers are rounded to the nearest thousand.

#### Note 8 – Borrowings

	Current 2021 £000	Non-current 2021 £000	Current 2020 £000	Non-current 2020 £000
<b>As at 31 March</b>	-	<b>38,444</b>	-	<b>27,917</b>
Loan Drawdown	-	10,409	-	14,300
Loan Repayments	-	(1,000)	-	(3,773)
<b>Total</b>	-	<b>47,853</b>	-	<b>38,444</b>

	2021 £000	2020 £000
<b>Maturity Analysis:</b>		
Within one year	-	-
Between one and five years	-	-
After five years	47,853	38,444
<b>Total</b>	<b>47,853</b>	<b>38,444</b>

The entity has a revolving loan facility with King's College Hospital NHS Foundation Trust under which it can borrow up to £80m. The loan facility is available solely for funding asset and stock purchases and the interest rate is Bank of England base rate plus 2%.

The loan is repayable in full on 31 March 2027.

**Note 9 – Finance Lease Receivables****Leases**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Future finance income analysed as:		
Recoverable after 12 months	53,494	26,348
Recoverable within 12 months	8,094	3,680
<b>Total</b>	<b>61,588</b>	<b>30,028</b>
<b>Less unearned finance income:</b>	<b>1,502</b>	<b>732</b>
<b>Net Investment</b>	<b>60,086</b>	<b>29,296</b>

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Net investment in the lease analysed as:		
Recoverable after 12 months	52,189	25,705
Recoverable within 12 months	7,897	3,591
<b>Total</b>	<b>60,086</b>	<b>29,296</b>

**Sub leases**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Future finance income analysed as:		
Recoverable after 12 months	2,485	4,685
Recoverable within 12 months	1,160	1,229
<b>Total</b>	<b>3,645</b>	<b>5,914</b>
<b>Less unearned finance income:</b>	<b>89</b>	<b>144</b>
<b>Net Investment</b>	<b>3,556</b>	<b>5,770</b>

	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Net investment in the lease analysed as:		
Recoverable after 12 months	2,425	4,571
Recoverable within 12 months	1,131	1,199
<b>Total</b>	<b>3,556</b>	<b>5,770</b>

**Disclosures required by IFRS16**

Finance lease receivables relate to equipment provided under the LLP's service agreements with its primary customer. Further information is provided in Note 1q. Under the LLP's contractual arrangements with its parent, the full residual value risk is transferred. On termination of its service agreement, the LLP considers that it is likely that the Trust would exercise its option to purchase the equipment.

During the year the amount of lease receivables increased as a result of the equipment replacement programme of its parent, which is the LLP's primary customer.

In the reporting period in line with IFRS 16, equipment leased by the LLP and provided under the same service agreement to the parent under similar terms to other equipment provided under the service agreement has been initially recognised as a right-of-use asset and that asset immediately derecognised as the sublease has been classified as a finance lease. The recognition of finance lease receivables under subleases is in respect of the application of IFRS 16 only.

#### Amounts receivable under finance leases

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Within one year	8,094	3,680
Between one and five years	35,131	13,852
More than five years	18,363	12,495
<b>Total</b>	<b>61,588</b>	<b>30,027</b>
<b>Less unearned finance income:</b>	<b>1,502</b>	<b>731</b>
<b>Net investment in finance leases</b>	<b>60,086</b>	<b>29,296</b>

Finance income on all embedded finance leases for the year ended 31 March 2021 is £100k (2020 £50k).

Finance lease receivables relate to equipment provided under the LLP's service agreements with its primary customer. Further information is provided in Note 1q.

#### Note 10 – Financial Assets and Liabilities

<b>Financial assets and liabilities</b>	<b>2021</b>	<b>2020</b>
(all of which are measured at amortised cost)	<b>£000</b>	<b>£000</b>
<b>Assets</b>		
Trade and other receivables	71,424	62,838
Cash and cash equivalent	13,860	7,625
<b>Total Assets</b>	<b>85,284</b>	<b>70,463</b>
<b>Liabilities</b>		
Trade and other payables	41,424	37,441
Borrowings	47,853	38,444
Members' capital	-	-
<b>Total Liabilities</b>	<b>89,277</b>	<b>75,885</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 LLP 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 entity has assessed the credit risk receivables as low risk as the entity's trade receivables are all from King's College Hospital NHS Foundation Trust 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.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. Information on the terms of the loan from King's College Hospital NHS Foundation Trust is disclosed in Note 8.

#### **Note 11 – Related party transactions**

<b>Organisation</b>	<b>Expenditure to related parties £000</b>	<b>Income from related parties £000</b>	<b>Amounts owed to related party £000</b>	<b>Amounts due from related party £000</b>
<b>2021</b>				
King's College Hospital NHS Foundation Trust	19,885	146,288	57,575	66,033
KCH Commercial Services Ltd				
<b>Total</b>	<b>19,885</b>	<b>146,288</b>	<b>57,575</b>	<b>66,033</b>
<b>2020</b>				
King's College Hospital NHS Foundation Trust	24,869	136,883	50,371	56,982
KCH Commercial Services Ltd				
<b>Total</b>	<b>24,869</b>	<b>136,883</b>	<b>50,371</b>	<b>56,982</b>

Loans and other debts due to or from members are disclosed in Note 6, 7 and 8 and comprise Amounts owed by or due to group companies, Amount accrued for or to group companies, Finance lease receivables and Loans.

Amounts due to members are all unsecured and rank pari passu with other creditors who are unsecured in the event of a winding up.

#### **Note 12 - Ultimate controlling party**

The LLP is controlled by King's College Hospital NHS Foundation Trust as a wholly owned subsidiary. King's College Hospital NHS Foundation Trust is a body corporate established by the order of the Secretary of State for Health. The Department of Health and Social Care is the Trust's parent department and ultimate controlling party. 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.

### Note 13 – Lessee liabilities

Obligations under IFRS 16 - Leases where KCH Interventional Facilities Management LLP is the lessee.

#### Disclosures required by IFRS 16

##### Amounts recognised in the Balance sheet

	Current 2021 £000	Non-current 2021 £000	Current 2020 £000	Non-current 2020 £000
Lease Liabilities	1,131	2,425	1,199	4,571
<b>Total</b>	<b>1,131</b>	<b>2,425</b>	<b>1,199</b>	<b>4,571</b>

##### Maturity Analysis:

	2021 £000	2020 £000
Within one year	1,147	1,370
Between one and five years	2,320	3,904
More than five years	480	1,518
<b>Total</b>	<b>3,947</b>	<b>6,792</b>

##### Amounts recognised in the statement of Comprehensive Income:

	2021 £000	2020 £000
Interest on lease liabilities	54	48
<b>Total</b>	<b>54</b>	<b>48</b>

Leases disclosed are equipment lease commitments of the LLP.

Leases have renewal or purchase options and escalation clauses.

There are no restrictions imposed on lease arrangements, such as those concerning dividends, additional debt, and further leasing.

### Note 14 – Changes in liabilities arising from financing activities

The table below details changes in the LLP's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the LLP's cash flow statement as cash flows from financing activities.

	At 1 April 2019	Non-cash changes: new leases	Other non- cash changes	Financing Cash Flows	At 31 March 2020	Non-cash changes: new leases	Other non-cash changes	Financing cash flows	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowings	27,917	-	-	10,527	38,444	-	-	9,409	47,853
Lease liabilities	-	5,365	965	(560)	5,770	(1,008)	-	(1,206)	3,556
<b>Total</b>	<b>27,917</b>	<b>5,365</b>	<b>965</b>	<b>9,967</b>	<b>44,214</b>	<b>(1,008)</b>	<b>-</b>	<b>8,203</b>	<b>51,409</b>

The cash flows from loans from the LLP's parent are made up of the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement. The cash flows from leases relate to the repayment of lease liabilities in the cash flow statement.

**Note 15 – Events after the reporting date**

The Members are not aware of any events that have arisen since the end of the year and to the date of this report which have affected or may significantly affect the operations and finances of the LLP.