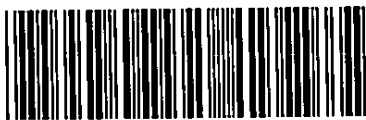


Companies House Registered Number 06593374

Pathology Services Ltd

Annual report and financial statements
for the year ended 31 March 2010

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**Directors' report
for the year ended 31 March 2010**

The directors present their annual report, together with the financial statements and auditors' report, for the year ended 31 March 2010

Small companies provision

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal activities and business review

The principal activity of the company during the period was that of a holding company. The company holds an interest in GSTS Pathology LLP, whose results are included within the Guy's and St Thomas' NHS Foundation Trust consolidated group accounts.

The directors consider that the ultimate parent is Guy's and St Thomas' NHS Foundation Trust which consolidates the results of the Company and as such has taken advantage of the exemption available under s400 Companies Act 2006 not to produce group accounts.

The company anticipates receiving profits planned to be generated by the GSTS Pathology LLP, whose latest business plan indicates both growth and profits in future periods. The directors are confident that GSTS Pathology will generate positive cash flows in the medium term which will enable the company to meet its long term liabilities as they fall due.

The directors have renegotiated the company's long term intercompany loan agreement as GSTS Pathology's revised business plan indicates that dividends will now be payable later than originally planned, now expected January 2014. The repayments are still scheduled over a four year period however the first payment now falls due in June 2014 with the final payment being March 2018. In addition the intercompany loan has been extended by £60,000 to enable the company to meet its short term liabilities as they fall due and as such the company has adopted the going concern basis for accounting.

The group entities to which monies are due have confirmed that they will not seek repayment for a period of at least 12 months for the date of this report.

Directors

The directors who served throughout the year were as follows

Robert O'Leary
Edward Baker, until 22nd October 2010
Jonathan Edgeworth
Jon Findlay

**Directors' report
for the year ended 31 March 2010**

Dividends

The company did not propose or pay any dividends in the period (2008/09 nil)

Audit

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

Name Jon Finolay
Director
14th December 2010

Signature



Registered office
F04, Gassiot House, St Thomas' Hospital, Westminster Bridge Road, London, SE1 7EH

**Statement of directors' responsibilities
for the year ended 31 March 2010**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Pathology Services Ltd

We have audited the financial statements of Pathology Services Ltd for the year to 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

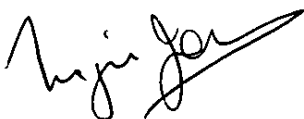
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Pathology Services Ltd (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the directors' report



Nigel Johnson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
St Albans
UK

16 December 2010

**Profit & loss account
for the year ended 31 March 2010**

	Note	2009/10 £	2008/09 £
Operating expenses		<u>(9,970)</u>	<u>(11,098)</u>
Operating loss		(9,970)	(11,098)
Interest payable and similar charges	4	<u>(33,567)</u>	<u>(7,870)</u>
Loss on ordinary activities before taxation	2	(43,537)	(18,968)
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(43,537)</u>	<u>(18,968)</u>

All results above derive from continuing activities

All recognised gains and losses arising in the year, and last year, are included in the above statement and accordingly no statement of recognised gains and losses is prepared

The accompanying accounting policies and notes form an integral part of these financial statements

Balance Sheet
31 March 2010

	Note	2009/10 £	2008/09 £
Fixed assets			
Investments	6	<u>1,110,749</u>	<u>1,110,749</u>
		1,110,749	1,110,749
Current assets			
Debtors. Amounts falling due within one year	7	-	1
Cash at bank and in hand		<u>1</u>	<u>-</u>
		1	1
Creditors: Amounts falling due within one year	8	<u>(21,067)</u>	<u>(11,098)</u>
Net current liabilities		<u>(21,066)</u>	<u>(11,097)</u>
Total assets less current liabilities		<u>1,089,683</u>	<u>1,099,652</u>
Creditors: Amounts falling due after more than one year	8	<u>(1,152,186)</u>	<u>(1,118,619)</u>
Net liabilities		<u><u>(62,503)</u></u>	<u><u>(18,967)</u></u>
Share capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	(62,504)	(18,968)
Shareholders' deficit		<u><u>(62,503)</u></u>	<u><u>(18,967)</u></u>

These financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Board and authorised for issue on 14th December 2010 They were signed on its behalf by

Name **Jon FINDLAY**
Director
14th December 2010

Signature



The accompanying accounting policies and notes form an integral part of these financial statements

**Notes to the financial statements
for the year ended 31 March 2010**

1. Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding years.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the special provisions applicable to companies subject to the small companies regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The directors consider that the ultimate controlling party is Guy's and St Thomas' NHS Foundation Trust and as such has taken advantage of the exemption available under s400 Companies Act 2006 not to produce group accounts.

Copies of the Guy's and St Thomas' NHS Foundation Trust consolidated group accounts can be obtained from Counting House, Guy's Hospital, Great Maze Pond, London, SE1 9RT.

Going Concern

As discussed further in the Directors' report the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the preparation of the accounts.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

**Notes to the financial statements
for the year ended 31 March 2010**

2. Loss on ordinary activities before taxation

This is stated after charging	2009/10	2008/09
	£	£
Auditors' remuneration	<u>2,938</u>	<u>4,025</u>

3. Directors and employees

Staff are employed by the company's parent undertaking and the portion of their services relating to the company is recharged to the company via a management charge

The directors were remunerated by other group companies. None of the directors (2008/09 None) received remuneration in respect of their services to the company

4. Interest payable and similar charges

	2009/10	2008/09
	£	£
Interest on loan payable to group undertakings	<u>33,567</u>	<u>7,870</u>

5. Taxation on ordinary activities

	2009/10	2008/09
	£	£
Current taxation		
UK corporation tax at 21% (2008/09 21%)	-	-
Adjustments in respect of prior years		
- UK corporation tax	-	-
Total current taxation	<u>-</u>	<u>-</u>

There is no recognised or unrecognised deferred tax (2008/09 nil)

6. Investments

	Cost	Net book value
	£	£
GSTS Pathology LLP		
as at 1 April 2009 and 31 March 2010	<u>1,110,749</u>	<u>1,110,749</u>

The investment in GSTS Pathology LLP represents a 50% share in this partnership

**Notes to the financial statements
for the year ended 31 March 2010**

GSTS Pathology LLP	Capital and reserves £	Loss for the year £
as at 31 March 2009	507,473	1,713,527
as at 31 March 2010	(666,610)	1,174,881

As noted elsewhere in these financial statements, the results of GSTS Pathology LLP for the period to 31 March 2010 are included in the consolidated financial statements at group level

7. Debtors

	31 March 2010 £	31 March 2009 £
Amounts falling due within one year.		
Amounts due from group undertakings	<u>-</u>	<u>1</u>

8. Creditors

	31 March 2010 £	31 March 2009 £
Amounts falling due within one year.		
Amounts due to group undertakings	18,130	7,073
Accruals and deferred income	2,938	4,025
	<u>21,067</u>	<u>11,098</u>

	31 March 2010 £	31 March 2009 £
Amounts falling due after more than one year:		
Loan due to group undertakings	<u>1,152,186</u>	<u>1,118,619</u>

None of the amounts due after more than one year are due after more than six years. The terms of repayment are the first payment falls due in June 2012 with the final payment being March 2016. Interest is charged at LIBOR +2%.

9. Post balance sheet events

On 20 September 2010, an agreement was signed extending membership of the GSTS Pathology LLP to KCS Commercial Services Limited (a subsidiary of King's College Hospital NHS Foundation Trust).

From 1 October 2010, the three designated members share joint control of GSTS Pathology LLP. Profits will be shared among members on a sliding scale dependent on the profit levels over a transitional period, with KCS Commercial Services Limited only taking a share over a target profit in the first three years of the new partnership from 1 October 2010.

**Notes to the financial statements
for the year ended 31 March 2010**

10 Related party transactions and controlling party

The directors consider that the ultimate controlling party is Guy's and St Thomas' NHS Foundation Trust, which is also the parent of the largest and smallest group preparing consolidated accounts which include the company. As such, they have taken advantage of the exemption available under FRSEE 16 2 not to disclose related party transactions.

Copies of the Guy's and St Thomas' NHS Foundation Trust consolidated group accounts can be obtained from Counting House, Guy's Hospital, Great Maze Pond, London, SE1 9RT.

11. Share capital

	31 March 2010 £	31 March 2009 £
Authorised share capital:		
One ordinary share of £1	<u>1</u>	<u>1</u>

12. Reserves

	Profit and loss account £
1 April 2009	(18,968)
Loss for the financial year	(43,537)
31 March 2010	<u>(62,505)</u>