



**Viapath Group LLP  
Annual Report and Financial Statements  
For the year ended 31 December 2020**



**A limited liability partnership registered in England and Wales  
Registered number OC337242**

**Contents**

|  |    |
|--|----|
| Contents .....   | 2  |
| Designated Members and Advisers .....  | 3  |
| Summary Information .....  | 4  |
| Chairman's Report.....   | 5  |
| Strategic Report.....  | 6  |
| Statement of Members' Responsibilities .....   | 17 |
| Independent auditor's report to the Members of Viapath Group LLP .....                             | 18 |
| Report on the audit of the financial statements .....  | 18 |
| Opinion.....   | 18 |
| Basis for opinion .....  | 18 |
| Conclusions relating to going concern.....   | 18 |
| Other information .....  | 18 |
| Responsibilities of Members .....  | 19 |
| Auditor's responsibilities for the audit of the financial statements .....                         | 19 |
| Extent to which the audit was considered capable of detecting irregularities, including fraud..... | 19 |
| Report on other legal and regulatory requirements .....  | 20 |
| Opinions on other matters prescribed by the Companies Act 2006 .....                               | 20 |
| Matters on which we are required to report by exception.....                                       | 20 |
| Use of our report.....   | 20 |
| STATEMENT OF COMPREHENSIVE INCOME .....  | 21 |
| STATEMENT OF FINANCIAL POSITION.....   | 22 |
| STATEMENT OF CHANGES IN EQUITY .....   | 23 |
| STATEMENT OF CASH FLOWS.....   | 24 |
| Notes to the Financial Statements .....  | 25 |
| 1. ACCOUNTING POLICIES.....  | 25 |
| 2. OPERATING SEGMENT.....  | 29 |
| 3. REVENUE .....   | 30 |
| 4. MEMBERS' REMUNERATION CHARGED AS AN EXPENSE AND SHARE OF PROFITS .....                          | 30 |
| 5. OPERATING PROFIT .....  | 31 |
| OPERATING PROFIT TO EBITDA RECONCILIATION .....  | 31 |
| 6. EMPLOYEE COSTS .....  | 32 |
| 7. FINANCE INCOME AND FINANCE COSTS .....  | 32 |
| 8. INTANGIBLE ASSETS.....  | 33 |
| 9. PROPERTY, PLANT AND EQUIPMENT.....  | 34 |
| 10. TRADE AND OTHER RECEIVABLES.....   | 35 |
| 11. INVENTORIES .....  | 36 |
| 12. CASH AND CASH EQUIVALENTS.....   | 36 |
| 13. TRADE AND OTHER PAYABLES .....   | 36 |
| 14. PROVISIONS .....   | 37 |
| 15. MEMBERS' INTERESTS .....   | 37 |
| 16. RELATED PARTY TRANSACTIONS.....  | 39 |
| 17. ANALYSIS OF NET DEBT .....   | 40 |
| 18. FINANCIAL RISK MANAGEMENT .....  | 41 |
| 19. LEASE COMMITMENTS.....   | 43 |
| 20. PENSION SCHEMES: DEFINED CONTRIBUTION SCHEMES .....  | 45 |
| 21. PENSION SCHEMES: DEFINED BENEFIT SCHEME.....   | 46 |
| 22. EVENTS AFTER THE REPORTING PERIOD.....   | 52 |
| 23. SUBSIDIARY UNDERTAKINGS .....  | 52 |

## Designated Members and Advisers

Registration number: OC337242 Companies House

Registered office: VIAPATH GROUP LLP  
Francis House  
9 King's Head Yard  
London  
SE1 1NA

Designated Members: Pathology Services Limited (registered number 06593374)  
Serco Limited (registered number 00242246) [until 29 May 2020]  
KCH Commercial Services Limited (registered number 06023863)

Banker: HSBC Bank plc  
2<sup>nd</sup> Floor, Space One  
1 Beadon Road  
London  
W6 0EA

Auditor: Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

## Summary Information

For the year to 31 December 2020

### About us

Since its inception in 2009, Viapath Group LLP ('Viapath') has been a leading UK provider of pathology services to the NHS and private healthcare market. The partnership employs over 1,400 scientists and other employees and provides one of the widest pathology test repertoires and most comprehensive laboratory services in the UK. Viapath has world-renowned specialist laboratories at the leading edge of innovation supporting cancer care, genomics and transplant medicine. In 2020, Viapath performed 18.9 million tests for around 800 customers, including 0.5 million COVID-19 tests, 78.3% of which were in support of the NHS response to the pandemic. The partnership reinvests millions of pounds annually in growth, modernisation, training and development, and innovation.

### Viapath Group LLP Structure

Viapath Group LLP is the majority stake-holding partner of Viapath Analytics LLP and Viapath Services LLP. Minority partners of these subsidiary entities during the year were Serco Ltd, KCH Commercial Services Ltd (KCS) and Pathology Services Ltd (PSL). Serco Ltd, KCS and PSL held an equal share in Viapath Group LLP being one third each. Serco Ltd, KCS and PSL together made up the Members of the Viapath group of consolidated partnerships, 'The Viapath Group LLP'. On the 29 May 2020, KCS and PSL concluded an agreement to purchase Serco's share of the partnership, and each became 50% owners, and in the process Serco Ltd's share of Viapath Analytics LLP and Viapath Services LLP were also acquired in equal share by KCS and PSL.

On 31 March 2021 Labco UK Group Limited (the representative statutory entity for Synlab UK & Ireland) purchased a 51% share of Viapath Group LLP being 51% of each of KCS's and PSL's share in the entity thus reducing their respective holdings from 50% to 24.5% each. In addition, Labco UK Group Limited purchased 33.33% of KCS's and PSL's interest in each of Viapath Analytics and Viapath Services (being 0.005% of the total interest in each of Viapath Analytics and Viapath Services). From 31 March 2021 Viapath Group LLP became a controlled entity of Labco UK Group Limited. The largest group which includes the partnership and for which group financial statements are prepared is SYNLAB Limited. In the opinion of the directors of Labco UK Group Limited, the Partnership's ultimate controlling party is SYNLAB AG which floated on the Frankfurt Stock Exchange on 30 April 2021.

The consolidated financial statements of the Viapath group of partnerships include the balances of Viapath Analytics LLP (VA) registration number OC392043 and Viapath Services LLP (VS) registration number OC392044. Viapath Group LLP has guaranteed the liabilities of VA and VS under Sections 479A and C of the Companies Act 2006 (as amended). As such VA and VS are exempted from the audit of their financial statements for the financial year 2020.

## **Chairman's Report**

### **For the year to 31 December 2020**

2020 was a year of immense change for the world and in particular the healthcare system that Viapath serves. Viapath was at the forefront of the national response to the pandemic, rapidly expanding COVID testing capacity and working with our primary NHS Trust customers to ensure testing was available not only to their patients but also the wider healthcare community, particularly Care Homes. To enable this rapid response Viapath Services had to source new and often scarce Personal Protection Equipment (PPE), reagents, and the ancillary consumables required for the new PCR tests. In addition to expanding testing capacity for the immediate need, Viapath has been at the heart of supporting wider COVID initiatives including at the start of 2021 delivering part of the Department for Health and Social Care's 'Operation Moonshot' initiative to enable large scale accurate and specific testing methodologies. These new techniques have been developed by the university research community and Viapath Analytics is validating their usability in a clinical laboratory environment.

The additional COVID testing capacity that Viapath installed allowed us to extend our services to the wider community, providing COVID testing for the travel sector through 'fit to fly' and to the sporting and entertainment sectors, although always reserving priority testing for NHS customers. This resulted in a satisfactory financial result for the year despite the COVID headwinds; adjusted EBITDA grew by 21% over 2019 at £10.5m and operating profit increased by 36%, before the OHSELICS tender bid costs incurred in 2019. Revenue grew by 4%.

Viapath's core contracts – set to expire in September 2020 – were extended until March 2021 in order to enable the Our Healthier South East London Integrated Care System (OHSELICS) to complete the tendering of new contracts to supply pathology services to the majority of the OHSELICS members. As a result of this exercise KCH Commercial Services Ltd (KCS) and Pathology Services Ltd (PSL) agreed to purchase the Serco Ltd share of the Viapath Joint Venture, with Serco leaving the Partnership in May 2020 to be replaced on 31 March 2021 by a consortium of entities within SYNLAB International GmbH (SYNLAB), an international provider of pathology services, to coincide with the commencement of the new contracts. On behalf of the Viapath Board, I would like to thank Serco for their valuable contribution to the Viapath Group from its inception in 2009. SYNLAB will join the Viapath LLP, alongside Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust, the ultimate owners of the other two Viapath Members, KCS and PSL. Under its new contracts Viapath will not only continue to deliver pathology testing and laboratory services to its current customers, including a further three laboratories previously operated directly by King's College Hospital NHS Foundation Trust, but we will also serve additional members of the OHSELICS

Following the merger of Bedford Hospital NHS Trust with Luton and Dunstable University Hospital Foundation Trust to form Bedfordshire Hospitals NHS Foundation Trust, Viapath transitioned the pathology service within Bedford Hospital to the new combined trust at the end of June 2020. We thank both our remaining and transferring staff for supporting the effective handover of the service.

As ever, Viapath remains fundamentally a people business, from our employees in the laboratories and support services through to the patients we serve. Our staff rose to the immense challenges in 2020, ensuring the service continued to support our NHS and other healthcare customers, and the patients they serve. We continued to invest in our people with 53 internal training events attended by over 800 staff and apprenticeship programmes covering a variety of disciplines from data analysis to infrastructure management. We also continued to help scientific staff complete their Scientist Training and Higher Specialist Scientist Training programmes. We were particularly pleased to see the recognition of our scientific expertise with Dr Guy Orchard, a Consultant Biomedical Scientist, being awarded the prestigious Biomedical Scientist of the Year award at 2020's virtual Advancing Healthcare awards ceremony. Despite the challenges of the pandemic our 2020 staff survey showed our engagement score increasing from 70% in 2019 to 74%.

**Dr David Bennett**

## **Strategic Report**

### **For the year to 31 December 2020**

This Strategic Report has been prepared solely to provide additional information to assess the partnership's strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the Members in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Members in preparing this Strategic Report have complied with s414C of the Companies Act 2006.

### **Business review and future developments**

#### **Business Changes**

Viapath's previous contracts to provide pathology and laboratory services to Guy's and St Thomas' NHS Foundation Trust (GSTT) and King's College Hospital NHS Foundation Trust (KCH) ran to September 2020. GSTT and KCH are primary parties in the Our Healthier South East London Integrated Care System (OHSELICS). The OHSELICS initiated a tender process in August 2018 for the renewal of these services along with the provision of pathology testing and pathology laboratory services to South London and Maudsley NHS Foundation Trust, Oxleas NHS Foundation Trust and Royal Brompton and Harefield NHS Foundation Trust, as well as GPs across South East London. In April 2020, it was confirmed that SYNLAB had been selected as the new partner to deliver these services.

During 2020, extensions to the current contracts were agreed with GSTT and KCH to ensure the continuation of pathology and laboratory services. The contract extensions took effect from 1 October 2020 and ran to 31 March 2021. The contract between SYNLAB UK and the parties to the South East London Sustainability and Transformation Partnership was formalised and the new contract to deliver services commenced on 1 April 2021. The new contract term is for 15 years plus a 5-year extension period and confirms the long-term future of the Viapath group as the delivery partner for pathology services and pathology laboratory services to South East London and beyond.

To fulfil the current and future contract, SYNLAB bought into the Viapath joint venture entities. The SYNLAB buy-in was completed on 31 March 2021 and the new customer contracts between Viapath and commissioning Trusts within the OHSELICS for delivery of services commenced on 1 April 2021. In May 2020, PSL and KCS Members purchased the Serco Ltd share of the Viapath Group to allow them freedom to agree the final structure with SYNLAB. As part of the Serco exit from the joint venture the Members agreed to make a profit distribution of £2.9m to Serco with the other two Members waiving their right to a distribution at that time. The outstanding loan balance of £1.2m with Serco was also repaid. Subsequently, the balance of the loans totalling £5.691m due to the two remaining Members, PSL and KCS, were re-paid on 31 March 2021, along with a profit distribution of £7.0m split equally between each Member.

Following the merger of Bedford Hospital NHS Trust with Luton and Dunstable University Hospital Foundation Trust to form Bedfordshire Hospitals NHS Foundation Trust, Viapath transitioned the pathology service within Bedford Hospital to the new combined trust at the end of June 2020.

Following the outbreak of COVID-19, Viapath became a major provider of COVID-19 testing. Viapath has successfully worked with NHS England, many NHS trusts as well as third party commercial customers to meet the immense demand for COVID-19 testing during the pandemic.

#### **COVID-19**

Viapath's pathology and laboratory services are at the forefront of supporting Public Health England (PHE) and the NHS to manage the COVID-19 pandemic. Viapath built up its testing capacity to meet the needs of the healthcare system, at one-point accounting for 20% of the entire NHS England testing capacity. The scale-up of testing enabled Viapath to extend its outreach to care homes, pre-operative patients, hospitality, travel, and sporting associations. Over the course of the pandemic,

Viapath worked closely with our logistics partner to develop and implement one of the UK's first COVID-19 rapid testing services.

Within Viapath, the outbreak resulted in 598 employees needing to self-isolate during the year and those able to work from home were asked to do so, in accordance with UK government guidelines. The disruption has been effectively managed with no impact on patients, as outlined in more detail under the Business Risk review on page 11.

During the year, a total of 70 clinically extremely vulnerable employees were furloughed due to the need to self-isolate.

### **Brexit Impact**

Brexit continued to dominate the political landscape of 2020 and presented uncertainty about potential disruption to Viapath's supplier distribution channels. Viapath responded by ensuring the continued availability of products prior to, during and post the end of the transition period with the European Union. This was in part mitigated through increasing inventory levels for higher risk supply chains. There was no impact on the delivery of its pathology or laboratory services. Viapath also took steps to ensure its non-British EU workforce were aware of the action they needed to take to remain in the UK after the end of the transition period by signposting EU Settlement scheme information and funding EU Settlement Status claims.

### **Year End Results**

The results for the year ended 31 December 2020 are shown in the primary statements from page 21 to 22, while the notes supporting the statements are shown from page 23. The Members believe that these results appropriately reflect Viapath's activities during the year.

A summary of key financial results for the year ended 31 December 2020 is set out in the table below and discussed in this section:

|  | 2020    | 2019    |
|--|---------|---------|
| Revenue (£ '000)                                     | 136,106 | 130,457 |
| Profit Before Interest & Tax (PBIT) (£ '000)         | 7,688   | 2,911   |
| Adjusted EBITDA before IFRS 16 (£ '000) (see note 5) | 10,554  | 8,691   |
| Total assets (£ '000)                                | 69,670  | 61,752  |
| Gross Profit percentage                              | 29.9%   | 28.6%   |
| Return on capital employed (PBIT / Total Assets)     | 11.0%   | 4.7%    |

Revenue in 2020 increased by 4.3% compared to prior year revenue and was £4.6m higher than budgeted. Viapath experienced a significant drop in test volume in the first half of the year owing to cancellations in elective care due to the pandemic. However, Viapath was able to mitigate this decline in activity through the provision of block funding from GSTT and KCH. The block funding contracts provided set income regardless of the number of tests performed. Furthermore, the second half of the year saw a considerable increase in demand for COVID-19 tests from third parties which provided significant additional revenue.

The return on capital employed has increased due to higher growth in Profit Before Interest and Tax (164%) compared to the growth in assets employed (12.8%).

### **Capital Expenditure**

In 2020, many capital projects were paused, and resource diverted in response to the pandemic, with some of the new equipment to tackle the pandemic being provided by GSTT and KCH. Despite this, Viapath Services was able to deliver assets through software and system developments that will provide ongoing economic benefit. For example, enhancing the Viapath LIMS to allow bulk anonymous testing of samples. Viapath continued to invest in lab equipment, utilising 95% of the £1m capital envelope to replace current equipment and invest in new assets. During quarter four, the SAP replacement project was initiated which marked the beginning of the migration to a new ERP system.

**Employees**

Employee turnover in the 12 months to 31 December 2020 decreased to 13% (21% in 2019). The prior year percentage was largely impacted by the anticipated end of the Bedfordshire Hospitals NHS Foundation Trust contract which led to a high number of resignations. This has not had an impact in 2020.

**Adjusted EBITDA before IFRS 16**

The partnership uses Adjusted Earnings Before Interest, Tax, Depreciation, Amortisation (EBITDA), Impairment and costs associated with bidding for the OHSELICS contracts to give a true representation of the underlying performance. The Adjusted EBITDA is reconciled to Operating Profit in note 5.

**Section 172 Statement**

The Members are aware of their duties under Section 172 of the Companies Act 2006 which outlines their responsibility to promote the success of the partnership for the benefits of its stakeholders and employees, and in doing so have regard (amongst other matters) to:

**a) The likely consequences of any decision in the long term**

The driving force behind any long-term decision at Viapath is strongly rooted in the patient pathway. The business review and business changes outlined on page 7, detail Viapath's assessment of its current and future challenges.

**b) The interests of the partnership's employees**

Viapath's workforce is a fundamental asset to the organisation and as such its learning and development is key to delivering high quality and relevant services. In 2020, 868 delegates attended training courses and 53 internal development courses were held. The Scientific Learning and Development Fund (SLDF) saw £57k invested into the workforce which enabled the completion of various qualifications such as FRCPATH, PgC and MBA. Viapath's learning and development team responded to the restrictions of the pandemic by delivering all training digitally and created a Virtual Learning portal full of e-learning resources. Viapath maintains an ethical culture and environment to underpin its business values. High standards of behaviour, employee engagement and empowerment with accountability are maintained to allow excellence in its services to flourish. As a result of the COVID-19 pandemic, it was necessary to furlough 70 employees due to their extreme clinical vulnerability or need to self-isolate (see note 6 to the accounts). As such, Viapath utilised the HMRC Coronavirus Job Retention Scheme to help cover the cost of the employees' salaries during this time.

**c) The need to foster the partnership's business relationships with suppliers, customers and others**

Viapath has a dedicated purchasing and supply chain team which is a function of Viapath Services LLP. They are responsible for supplier selection, efficiency and effective processes, sustainability in the supply chain and maintaining positive relationships with suppliers. As previously noted, this relationship was critical when mitigating the potential operational risks of Brexit. Viapath's principal customers are GSTT and KCH, and it has approximately 800 other third-party customers including clinicians, specialist commissioners and GPs, as well as private hospitals and other businesses. The contribution from these customers is detailed in the primary statements.

**d) The impact of the partnership's operations on the community and the environment**

It is widely recognised that there is a need to reduce the amount of carbon emissions produced by businesses, and Viapath has actively sought opportunities to reduce pollution in London and the South East. From April 2019, Viapath and GSTT, together with its logistics partner CitySprint, rolled out a transition from motorbikes to cycle cargo bikes for the delivery of blood samples and other items for testing between hospital sites. The switch to a clean and sustainable mode of transport has prevented roughly 2 tonnes of carbon being released into the atmosphere over the trial period alone. The cost per delivery is marginally higher with a cargo bike than a motorbike. However, because the project brings substantial benefits, Viapath has agreed to absorb the cost through making other efficiencies, and there is an expectation the cost will fall as the adoption of cargo bikes is scaled up for other collection routes. In 2020 CitySprint with Viapath were nominated at the Supply Chain Excellence Awards 2020 for their development and implementation of one of the UK's first COVID-19 rapid testing services.



**e) The desirability of the partnership maintaining a reputation for high standards of business conduct**

Viapath has an effective governance system that ensures accountability and provides internal and external assurance through reliable and relevant evidence. The Corporate Governance section below provides an overview of the assurance 'from Bench to Board'.

**f) The need to act fairly between Members of the partnership**

The representatives nominated by the two Trust Members had equal representation at the Viapath Group Board and Board Committees (Audit & Risk, Remuneration, Finance & Investment and Operations & Quality) and equally weighted voting rights as set out in the Members' Agreement. The Members' Agreement also enshrined duties of utmost good faith to the LLP and to each other Member in carrying out the business of the LLP.

### Streamlined Energy and Carbon Reporting regulations (SECR)

The UK government has mandated Streamlined Energy and Carbon Reporting (SECR) to help address organisational impact on climate change. Viapath is therefore required to report annually its carbon emissions and energy consumption. The reporting framework is intended to encourage the implementation of energy efficiency measures, with both economic and environmental benefits, supporting companies in cutting costs and improving productivity at the same time as reducing carbon emissions. Viapath laboratories are located at GSTT and KCH NHS Trust premises. The use of utilities and energy systems used by the laboratories fall within the 'Fully Managed Laboratory Services Agreements' held with the Trusts. These agreements stipulate a set fee for utilities, electricity, gas and water regardless of usage, and therefore it is the Trusts who are responsible for monitoring the emissions. Viapath's head office Francis House, where around 180 employees work, however, has a lease agreement in place, whereby Viapath's service charge is based on the building's square footage and prior year utility bills. The approximate gas and electricity use as well as the associated greenhouse gas (GHG) emissions for Francis House are detailed in the table below. Viapath can monitor emissions from fuel for transport purposes through the business mileage claimed by its employees through expenses. Although the use of public transport is encouraged, it can be appropriate for employees working anti-social hours (shift work) to use their own vehicle. In addition, in 2020, owing to the pandemic many employees have felt uncomfortable sharing transport to work with others. As a front-line service, Viapath has supported its employees if they wish to use their own transport during the pandemic so as not to jeopardise key service provision.

The tables below detail Viapath's energy use from electricity, gas and transport fuel – as well as the associated GHG emissions in 2020.

#### Scope 1 – Emissions from combustion gas and fuel for transport purposes

| Energy Source | Location      | Consumption  | Emissions (tCO <sub>2</sub> e) |
|---------------|---------------|--------------|--------------------------------|
| Gas           | Francis house | 65,789 kWh   | 12.10                          |
| Transport *   | Various       | 26,446 miles | 6.38                           |

Intensity ratio\*\*

Gas: 0.0102063

Transport: 0.000194595

#### Scope 2 – Emissions from purchased electricity

| Energy Source | Location      | Consumption | Emissions (tCO <sub>2</sub> e) |
|---------------|---------------|-------------|--------------------------------|
| Electricity   | Francis House | 225,265 kWh | 52.54                          |

Intensity Ratio - 0.0041

*\*Transport is defined as business miles travelled, based on reimbursed fuel expenses to employees.*

*\*\*Intensity Ratio. The gas and electricity intensity ratios are measured by tCO<sub>2</sub>e/square metres of floor space. The transport intensity ratio is calculated using tCO<sub>2</sub>e/revenue. This is a financial indicator to allow comparison over time.*

The above is based on budgeted energy bills and actual mileage. The actual gas and electricity used in 2020 would be less than a typical year, with head office encouraged to work from home per government guidance during the pandemic. Likewise, business mileage decreased for 2020 owing to government guidance around essential travel only.

## Principal risks and uncertainties

### Business risk

Viapath operates in a challenging market sector. The NHS healthcare system is under constant pressure to reduce costs and is subject to political pressures to increase efficiency. Pathology services are an essential part of NHS patient care and evidence suggests investment in pathology drives cost savings for trusts further along the patient pathway. Consolidations of some services are considered necessary, and pathology has been identified as a key area for market integration under the Carter Reports. Furthermore, NHS Improvement has followed up on the Carter Reports with targets for NHS trusts, which are expected to be met by consolidating services.

The business changes, linked to the award of the OHSELICS contract, are expected to result in the creation of a laboratory Hub with some services remaining on customer sites to meet the needs of the clinical process. This model will enable the provision of further service enhancements for the benefit of its customers' patients as well as enabling efficiency improvements, thus enhancing the future operating model.

In line with the additional guidance provided by the Financial Reporting Council, Viapath has considered the specific impacts that the COVID-19 pandemic may cause the business:

1. **Interruptions of production** – whilst there are some limitations to availability of reagents and other consumables, as the pathology provider to two of London's teaching hospitals and being an integral part of the national testing system, Viapath is well placed to continue to receive supplies.
2. **Supply chain disruptions** – with long standing relationships with a diversified supply chain and as part of the national testing system together with the support of its NHS Trust customers Viapath is well placed to continue to receive essential supplies.
3. **Unavailability of personnel** – self-isolation levels at their peak have been high, however Viapath has sufficient resource using shifts and locums to continue to provide the services to its customers. In addition, the entire health system has shifted demand to balance the capacity of the system.
4. **Reductions in sales, earnings, or productivity** – in view of the COVID-19 pandemic Viapath's three largest customers who accounted for the bulk of the revenue, GSTT, KCH, and Bedfordshire Hospitals NHS Foundation Trust (BHT) agreed block funding from April to July 2020, with GSTT and KCH continuing to provide block funding until testing volumes generated a higher than block value. This resulted in c85%+ of revenue being entirely secure during this period. The contract with BHT ended on 30 June 2020 when the Trust merged with Luton and Dunstable Hospital therefore ending this arrangement. In addition, as a major provider of COVID-19 testing Viapath generated significant revenues from the supply of these tests which helped compensate for the reduction in referral test revenue. As part of the NHS pathology system Viapath successfully worked with NHS England and many NHS trust customers to ensure that, despite the reduced demand for referral services during this period, it was supported to maintain its service to meet the long-term requirements of the healthcare system. Demand from third party commercial customers for COVID-19 testing further contributed to increased revenue.
5. **Closure of facilities and stores** – Viapath continues to operate during the period of disruption and has no expectation of needing to permanently close any facilities.
6. **Inability to raise financing** – finance was provided with an agreed loan extension from GSTT and KCH (fully repaid in March 2021) and Viapath does not expect to require any additional financing. From 1 April 2021 the SYNLAB Group are required to provide any financing required by Viapath.

### Interest rate risk

Viapath was exposed to interest rate risk on funding from its Members, with the risk reducing as loans are repaid. Prior to 2020, Viapath had drawn down loans totalling £14.271m. A further £690k loan was taken on when KCH transferred PRUH assets and stock in 2016. The total loans therefore amounted to £14.961m. Of that balance, £5.500m was repaid in 2017 and a further £2.540m was repaid in 2018. As a result of Serco's exit from the LLP in 2020, the £1.230m balance of their loan was repaid in full.

The total loans outstanding at 31 December 2020 were £5.691m. Of this sum, £3.265m related to cash loans of £3.265m repayable to GSTT (£1.230m) and KCH (£2.035m). Both Members took full repayment of those loans on 31 March 2021 and the resulting loan balance reduced to nil. Interest was paid on the loans at 2% above LIBOR relating to three-month deposits. There were no other borrowings or bank overdrafts during the year or subsequently.

**Credit risk**

Viapath's principal financial assets are trade and other receivables. The debtor balance with third party customers remains above Viapath's standard 30-day contractual terms. However, as 93.9% by value (2019: 97.3%) of these customers are NHS organisations and therefore regulated by NHS Improvement and largely government funded, the Members do not consider the credit risk exposure of these customers to be significant. Furthermore, the two main customers that account for the large majority of receivables are part-owners of Viapath.

As the vast majority of Viapath's customers are NHS trusts the COVID-19 pandemic is not expected to result in a significant credit risk. Money has been provided to NHS trusts to continue to operate and to combat the virus, in addition they have been given instructions from both NHS England and the Cabinet Office to ensure suppliers are paid promptly.

Viapath trades with its designated Members and creditworthy third parties assessed by reference to credit ratings companies. It is the organisation's policy that, as deemed appropriate, clients and customers are subject to credit vetting procedures. During the accounting year, Viapath had three major public sector customers and several smaller public sector and commercial customers.

**Liquidity risk**

Viapath received funding from its Members and has no other borrowings. The partnership continues to benefit from the support of its Members. Adequate funds have been provided by the Members through a combination of loan funding and working capital management. The loans from Serco Ltd were repaid upon their exit from ownership of Viapath on 29 May 2020. With the pressure of the pandemic, both GSTT and KCH deferred their loans due in 2020. The loans were subsequently repaid on 31 March 2021 and on that date the loans held by Viapath were reduced to nil. The Members, therefore, do not consider that Viapath is exposed to significant liquidity risk.

## Going concern

In assessing Viapath's ability to continue to trade as a going concern, the directors considered the outcome of the conclusion of the OHSELICS procurement process together with the impact of the COVID-19 pandemic and changes to the market.

As per the outcome of the OHSELICS tender, SYNLAB was selected as the preferred partner to deliver and transform pathology services across South East London. To support the delivery of these services, Viapath retained its current contracts until March 2021. SYNLAB then bought into the Viapath joint venture on 31 March 2021, with the intent to continue its operations and thereby becoming a partner to KCL and PSL. The decision to buy into the joint venture was backed by a detailed due diligence process together with a 15-year business plan. The SYNLAB investment committee reviewed this financial plan and approved the decision to sign the contract in March 2021. The financial plan forecast an EBITDA of £11.2m in 2021 and £13.4m in 2022. SYNLAB's decision to buy into Viapath secures Viapath's future financial viability.

Under new control, Viapath will continue to be the vehicle by which the OHSELICS pathology and laboratory services are provided for the entire length of the 15-year contract and potentially for the additional five-year extension. Management is committed to maintaining focus on driving financial and operational improvement throughout this period regardless of the change to ownership.

Whilst the global economy has been substantially adversely affected by COVID-19, management has proven that Viapath offers an extremely strong product in the market. This has been emphasised through generating significant revenues from COVID testing, resulting in consistently high levels of EBITDA since July 2020. In the longer term, with the backing and expertise of two of London's leading teaching hospitals, now combined with SYNLAB, Europe's largest medical diagnostics provider, management believes that Viapath will remain at the forefront of pathology provision in the UK. The mix of customers is dominated by the two member Trusts - GSTT & King's through the OHSELICS agreement. The new contracts between the OHSELICS and SYNLAB, through its new majority owned entity Viapath, allows for higher prices for the existing services in the three years prior to the creation of the hub, together with an extension of services to the Bexley, Greenwich and Lewisham Clinical Commissioning Groups, and additional services for King's for the previously excluded laboratories and further phlebotomy services. All of which will result in additional revenue and financial certainty for Viapath. In consideration of the relevant specific points identified by the FRC, Viapath believes it is in a strong position to continue to trade as outlined in the six points below:

1. Interruptions of production – whilst there have been some limitations to availability of reagents and consumables (swabs), as the pathology provider to two of London's teaching hospitals and now backed by Europe's largest medical diagnostics provider, Viapath is well placed to continue to receive supplies as has proven to be the case from the start of the pandemic.

2. Supply chain disruptions – as above Viapath is well placed to continue to receive essential supplies and has a diversified supply chain including multiple separate suppliers of the reagents required for COVID-19 testing.

3. Unavailability of personnel – whilst there remains a shortage of scientifically qualified staff in the UK Viapath has a proven track record of recruiting and retaining sufficient resource to continue to provide the services to its customers.

4. Reductions in sales, earnings, or productivity – the new contract has higher pricing from April 2021 until 2024 after which most testing c70% is due to be conducted in the new hub.

In the coming months from April 2021, NHS England is encouraging all trusts to increase activity even above pre-COVID levels to try and reduce waiting lists created by the pandemic, so volumes should return to at least 100% if not higher than pre-COVID levels. In addition to the relative certainty of revenue from the OHSELICS contract, COVID testing for non-healthcare customers has generated an additional revenue stream of over £1m per month.

As a provider of pathology and pathology laboratory services to the healthcare system and the NHS, as demonstrated both before and during the pandemic, Viapath has reasonable certainty of its revenue streams. As Viapath's customer base predominately consists of NHS trusts the customers

can reasonably be expected to be in a strong financial position, with the importance of the NHS system having been clearly proven during the crisis.

5. Closure of facilities and stores – Viapath is continuing to operate during the period of disruption and has no expectation of needing to permanently close any facilities.

6. Inability to raise financing – under the new Joint Venture agreement from 1 April 2021 SYNLAB Group is required to provide the investment and working capital financing for Viapath. In view of SYNLAB Group's size and profitability is considered that SYNLAB would be able to provide all the required financing for Viapath.

At the date of signing the accounts Viapath does not hold any debt, so it is not exposed to interest rate risk. Virtually all Viapath business is undertaken in the United Kingdom and in sterling. There is no direct currency risk. Viapath's most significant contracts are with Members and include annual indexation, and do not represent a risk to Viapath. With the contractually committed support of SYNLAB Group, management believes that it has sufficient financial flexibility to be able to respond to unexpected cash flow needs or opportunities. Management has considered the exposure of Viapath to contingent liabilities. As of 31 March 2021, there were no legal proceedings that warranted a contingent liability disclosure in the financial accounts. Viapath has appropriate and adequate levels of insurance cover for its operational and public liability risk.

The financial position of Viapath for 2020 is shown on the statement of financial position on page 22 and its cash flows are described in the statement of cash flows on page 24 of the financial statements. The liquidity and financial risk are described above and in addition, note 1 of the financial statements provides details of Viapath's objectives, policies, and processes for managing its capital and details of its financial instruments.

Based on the above, the Members have a reasonable expectation that Viapath has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the annual report and financial statements.

## Corporate governance

### Overview

The Viapath Group LLP governance structure during 2020 consisted of the Viapath Group LLP Board and four committees of the Board: The Audit Committee; the Remuneration Committee; the Operations and Quality Committee; and the Finance and Investment Committee. During the year, membership changed due to the exit of Serco Ltd on 29 May 2020, leaving the remaining two Members, KCS and PSL, with 50% ownership each. Membership changed further on 31 March 2021 with the buy-in to the partnership by SYNLAB via its Labco UK Group Ltd entity. As at 31 March 2021 the ownership of Viapath Group LLP is: Labco UK Group Ltd 51%, KCS 24.5% and PSL 24.5%.

### Viapath Group LLP Board

The Viapath Group LLP Board (the 'Board') oversees the strategic direction of the business, takes decisions on items reserved for unanimous Member approval and ensures accountability to owners. The meeting is chaired by the independent Chairman of Viapath, and attendees are representatives from each of the Members of Viapath, along with independent Non-Executive Directors, the Viapath Executive team and the Viapath Company Secretary. Only the Member representatives have voting rights.

The Board has agreed the specific business and governance matters that are reserved for its decision to help it discharge its responsibilities and oversee Viapath's affairs. These matters include:

- annual objectives, budget and forecast;
- monitoring delivery of Viapath's strategy and objectives;
- profit sharing agreements;
- annual report and accounts;
- overall system of internal control and risk management;
- major capital projects;
- communications policy;
- changes to the structure, size and composition of the Board;
- appointment of executive officers; and
- material changes to pension plans or the introduction of new schemes.

Certain specific responsibilities are delegated to the committees, notably the Audit and Remuneration committees, which operate within clearly defined terms of reference and are described below.

The Members are not aware of any relevant audit information that has been withheld from Viapath's external auditors Deloitte LLP and have taken all necessary steps to ensure all information has been passed on to the external auditors where possible. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP has expressed its willingness to continue in office as auditor and appropriate arrangements are being made for Deloitte to be deemed reappointed as auditor in the absence of an Annual General Meeting.

### Viapath Group LLP Board Committees

#### Audit Committee

The Audit Committee is a standing committee of the Board. It meets at least twice a year to review the financial risk, control and assurance processes, audit compliance and the corporate risk register. The Committee also reviews and approves the statutory accounts. The meeting is chaired by an independent Non-Executive Director of Viapath, and attendees represent each of the Members. The Viapath Company Secretary also attends.

#### Remuneration Committee

The Remuneration Committee is a standing committee of the Board. It meets at least once a year and reviews the remuneration arrangements including salary and benefits for the Viapath executive team. The meeting is chaired by the independent Chairman of Viapath, and attendees represent each of the Members. The Viapath Company Secretary also attends.

**Operations and Quality Committee**

This committee was established during 2018 and subsumed the previous Governance, Risk and Quality Assurance Committee. This is now a standing committee of the Board. It ensures that Viapath has the appropriate framework, processes and systems to effectively monitor performance management of its business operations including its obligations under its core customer contracts. It provides the Board with assurance regarding quality, non-commercial risk (including Health & Safety), clinical governance, and compliance with statutory and regulatory accreditation and inspection requirements and also considers commercial decisions which have or are expected to have an impact on performance. This meeting is chaired by a medically qualified independent Non-Executive Director. Viapath legal representation also attends.

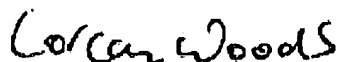
**Finance and Investment Committee**

The Finance and Investment Committee was established in November 2016 as the Finance and Performance Committee and is a committee of the Board. It supports the Board through detailed financial review and oversight of the monthly financial position and performance against budget. The meeting is chaired by the PSL representative Member and comprises representatives from the Members along with Viapath's CEO and CFO.

**Chairman, Chief Executive Officer, and Chief Financial Officer**

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. Dr David Bennett has been the Viapath Chairman since February 2016. Dougie Dryburgh, appointed 22 October 2016, continued as Viapath's Chief Executive Officer (CEO) until 31 March 2021. Dougie Dryburgh stood down as CEO following the change of ownership in March and Mark Dollar from SYNLAB has taken on the role. Clive Mosey, appointed 20 November 2017, continued as the Chief Financial Officer (CFO) until 31 May 2021, when he handed over to Nicholas Stopford as Interim CFO.

Approved on behalf of the Members by:



Lorcan Woods, Chief Financial Officer, King's College Hospital NHS Foundation Trust  
Dated: 29 April 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 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.

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

The Members are not aware of any relevant audit information that has been withheld from Viapath's external auditors Deloitte and have taken all necessary steps to ensure all information has been passed on to the external auditors where possible.

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

## **Independent auditor's report to the Members of Viapath Group LLP**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion:

- the financial statements of Viapath Group LLP (the 'parent limited liability partnership') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent limited liability partnership's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 consolidated and parent limited liability partnership statement of comprehensive income;
- the consolidated and parent limited liability partnership statement of financial position;
- the consolidated and parent limited liability partnership statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and of the parent 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.

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

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.

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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

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 course of 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 this gives

rise to a material misstatement in the financial statements themselves. 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.

#### **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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

We considered the nature of the group's industry and its control environment and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential to fraud in revenue recognition, in relation to the completeness and accuracy of variable revenue. In addressing the risk of fraud through revenue recognition we assessed the design and implementation of relevant controls surrounding the revenue recognition process, reviewed the core contracts to assess if revenue is recorded in line with IFRS 15, on a selected sample traced back revenue to supporting documentation and obtained confirmations from the core customers to identify any disputed invoices as at the year end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance authority.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report.

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

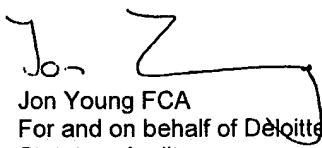
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 parent company 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.

  
Jon Young FCA  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

29 April 2021

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2020

|   |        | 2020<br>Consolidated | 2020<br>LLP  | 2019<br>Consolidated | 2019<br>LLP  |
|---|--------|----------------------|--------------|----------------------|--------------|
| Continuing Operations   | Notes  | £ '000               | £ '000       | £ '000               | £ '000       |
| Revenue   |        | 136,106              | 11,222       | 130,457              | 12,713       |
| Cost of Sales   |        | (95,476)             | (8,236)      | (93,178)             | (7,552)      |
| <b>Gross Profit</b>   |        | <b>40,630</b>        | <b>2,986</b> | <b>37,279</b>        | <b>5,161</b> |
| Administrative Expenses   |        | (25,085)             | (2,124)      | (22,312)             | (2,530)      |
| Bid Costs   | 5      | -                    | -            | (3,036)              | (247)        |
| <b>EBITDA</b>   |        | <b>15,545</b>        | <b>862</b>   | <b>11,931</b>        | <b>2,384</b> |
| Depreciation and Amortisation   | 8,9,19 | (7,857)              | (1,022)      | (9,020)              | (500)        |
| Finance costs   | 7      | (323)                | (201)        | (518)                | (211)        |
| <b>Operating Profit / (Loss) for the year available from continued operations</b> |        | <b>7,365</b>         | <b>(361)</b> | <b>2,393</b>         | <b>1,673</b> |
| <b>Other Comprehensive Income</b>   |        |                      |              |                      |              |
| Actuarial Gain on Defined Benefit Pension Scheme                                  | 21     | 215                  | 215          | 168                  | 168          |
| <b>Total Comprehensive Income/ (Loss) for the year attributable to Members</b>    |        | <b>7,580</b>         | <b>(146)</b> | <b>2,561</b>         | <b>1,840</b> |

Profit for the year is from continued operations.

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

|                                       |       | 2020<br>Consolidated | 2020<br>LLP   | 2019<br>Consolidated | 2019<br>LLP   |
|---------------------------------------|-------|----------------------|---------------|----------------------|---------------|
|                                       | Notes | £ '000               | £ '000        | £ '000               | £ '000        |
| <b>Non-current assets</b>             |       |                      |               |                      |               |
| Intangible Assets                     | 8     | 8,112                | 343           | 8,924                | 415           |
| Property, plant and equipment         | 9     | 4,676                | -             | 4,393                | -             |
| Right-of-use Assets                   | 19    | 8,338                | 1,029         | 5,048                | 1,462         |
| Other long-term receivables           | 10    | 1,275                | 1,275         | 1,060                | 1,060         |
| <b>Total non-current assets</b>       |       | <b>22,401</b>        | <b>2,647</b>  | <b>19,425</b>        | <b>2,937</b>  |
| <b>Current assets</b>                 |       |                      |               |                      |               |
| Inventories                           | 11    | 5,511                | -             | 4,592                | -             |
| Trade and other receivables           | 10    | 32,281               | 31,837        | 25,092               | 37,562        |
| Cash and cash equivalents             | 12    | 9,477                | 1,098         | 12,643               | 908           |
| <b>Total Current Assets</b>           |       | <b>47,269</b>        | <b>32,935</b> | <b>42,327</b>        | <b>38,470</b> |
| <b>Total Assets</b>                   |       | <b>69,670</b>        | <b>35,582</b> | <b>61,752</b>        | <b>41,407</b> |
| <b>Equity and liabilities</b>         |       |                      |               |                      |               |
| <b>Equity attributable to Members</b> |       |                      |               |                      |               |
| Members' capital                      | 15    | 3,331                | 3,331         | 3,331                | 3,331         |
| Other reserves                        | 15    | 13,758               | 1,759         | 9,078                | 4,805         |
| <b>Total Equity</b>                   |       | <b>17,089</b>        | <b>5,090</b>  | <b>12,409</b>        | <b>8,136</b>  |
| <b>Current liabilities</b>            |       |                      |               |                      |               |
| Provisions                            | 14    | 1,187                | 240           | 1,312                | 163           |
| Loans and other debts due to Members  | 13    | 5,691                | 5,000         | 6,921                | 6,231         |
| Current Lease Liabilities             | 19    | 3,031                | 441           | 1,850                | 366           |
| Trade and other payables              | 13    | 37,365               | 9,024         | 36,062               | 8,706         |
| <b>Total current liabilities</b>      |       | <b>47,274</b>        | <b>14,705</b> | <b>46,145</b>        | <b>15,466</b> |
| <b>Non-current liabilities</b>        |       |                      |               |                      |               |
| Loans and other debts due to Members  | 13    | -                    | -             | -                    | -             |
| Non-current Lease Liabilities         | 19    | 5,307                | 588           | 3,198                | 1,098         |
| Trade and other payables              | 13    | -                    | 15,199        | -                    | 16,707        |
| <b>Total non-current liabilities</b>  |       | <b>5,307</b>         | <b>15,787</b> | <b>3,198</b>         | <b>17,805</b> |
| <b>Total liabilities</b>              |       | <b>52,581</b>        | <b>30,492</b> | <b>49,343</b>        | <b>33,271</b> |
| <b>Total equity and liabilities</b>   |       | <b>69,670</b>        | <b>35,582</b> | <b>61,752</b>        | <b>41,407</b> |

Viapath Group LLP has guaranteed the liabilities of its subsidiaries, Viapath Analytics LLP (VA) and Viapath Services LLP (VS) under Section 479A and C of the Companies Act 2006 (as Amended). As such, VA and VS will take advantage of the audit exemption set out within Section 479A for the year ended 31 December 2020. The accompanying notes are an integral part of this statement of financial position. The Consolidated financial statements of the Viapath Group LLP and Viapath Group LLP financial statements registration number OC337242 were approved by the Members and authorised for issue on 28 April 2021 and signed on the Members' behalf by:

*Lorcan Woods*

Lorcan Woods, Chief Financial Officer, King's College Hospital NHS Foundation Trust  
Dated: 29 April 2021

**STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 December 2020

**Consolidated**

|   | Notes | Members'<br>capital<br>£000 | Other<br>reserves<br>£000 | Total<br>£000 |
|---|-------|-----------------------------|---------------------------|---------------|
| Balance at 1 January 2019               |       | 3,331                       | 6,517                     | 9,848         |
| Profit for the year                     |       | -                           | 2393                      | 2393          |
| Other comprehensive income for the year |       |                             | 168                       | 168           |
| <b>Balance at 1 January 2020</b>        |       | <b>3,331</b>                | <b>9,078</b>              | <b>12,409</b> |
| Profit for the year                     | 15    | -                           | 7,365                     | 7,365         |
| Other comprehensive income for the year |       | -                           | 215                       | 215           |
| Profit Distribution                     | 15    | -                           | (2,900)                   | (2,900)       |
| <b>Balance at 31 December 2020</b>      |       | <b>3,331</b>                | <b>13,758</b>             | <b>17,089</b> |

**Viapath Group LLP**

|   | Notes | Members'<br>capital<br>£000 | Other<br>reserves<br>£000 | Total<br>£000 |
|---|-------|-----------------------------|---------------------------|---------------|
| Balance at 1 January 2019               |       | 3,331                       | 2,964                     | 6,295         |
| Profit for the year                     |       | -                           | 1,673                     | 1,673         |
| Other comprehensive income for the year | 15    |                             | 168                       | 168           |
| <b>Balance at 1 January 2020</b>        |       | <b>3,331</b>                | <b>4,805</b>              | <b>8,136</b>  |
| Loss for the year                       | 15    | -                           | (361)                     | (361)         |
| Other comprehensive income for the year |       | -                           | 215                       | 215           |
| Profit Distribution                     | 15    | -                           | (2,900)                   | (2,900)       |
| <b>Balance at 31 December 2020</b>      |       | <b>3,331</b>                | <b>1,759</b>              | <b>5,090</b>  |

**STATEMENT OF CASH FLOWS**  
For the period ended 31 December 2020

|   | Notes | Consolidated<br>2020<br>£ '000 | Consolidated<br>2019<br>£ '000 |
|---|-------|--------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>         |       |                                |                                |
| Profit for the period                               | SOCI  | 7,365                          | 2,393                          |
| Gain on disposal of non-current assets              | 9     | (34)                           | -                              |
| Other finance charges                               | 7     | 241                            | 349                            |
| Amortisation  | 8     | 1,655                          | 1,582                          |
| Depreciation  | 9     | 1,433                          | 1,486                          |
| Depreciation on Right-of-use Assets                 | 19    | 4,769                          | 5,952                          |
| Interest Charge                                     | 7     | 82                             | 169                            |
| Intangible Impairment                               | 8     | 6                              | -                              |
| Property, plant and equipment disposals             | 9     | -                              | 5                              |
| (Decrease)/Increase in total provisions             | 14    | (126)                          | 289                            |
| (Increase) in inventories                           | 11    | (919)                          | (346)                          |
| (Increase) in receivables                           | 10    | (7,189)                        | (2,675)                        |
| Increase in payables                                | 13    | 1,304                          | 6,498                          |
| <b>Net cash from operating activities</b>           |       | <b>8,587</b>                   | <b>15,702</b>                  |
| <b>Cash flows from investing activities</b>         |       |                                |                                |
| Purchase of property, plant, and equipment          | 9     | (1,864)                        | (1,299)                        |
| Investment in intangibles                           | 8     | (849)                          | (1,319)                        |
| Proceeds from sale of non-current assets            | 9     | 182                            | -                              |
| <b>Net cash used in investing activities</b>        |       | <b>(2,531)</b>                 | <b>(2,618)</b>                 |
| <b>Cash flows from financing activities</b>         |       |                                |                                |
| Loans repaid to Members                             | 15    | (1,230)                        | -                              |
| Interest paid to Members                            | 7     | (82)                           | (169)                          |
| Profit Distribution                                 | 15    | (2,900)                        | -                              |
| Repayment of lease liabilities                      | 19    | (4,769)                        | (5,952)                        |
| Other finance charges                               | 7     | (241)                          | (349)                          |
| <b>Net cash used in financing activities</b>        |       | <b>(9,222)</b>                 | <b>(6,470)</b>                 |
| Net (decrease) in cash and cash equivalents         |       | (3,166)                        | 6,614                          |
| Cash and cash equivalents at beginning of year      |       | 12,643                         | 6,029                          |
| <b>Cash and cash equivalents at end of the year</b> |       | <b>9,477</b>                   | <b>12,643</b>                  |



## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

The principal accounting policies are set out below and have been applied consistently throughout the current and preceding year.

#### Going concern

In assessing Viapath's ability to continue to trade as a going concern, the directors considered the outcome of the conclusion of the OHSELICS procurement process together with the impact of the COVID-19 pandemic and changes to the market.

As per the outcome of the OHSELICS tender, SYNLAB was selected as the preferred partner to deliver and transform pathology services across South East London. To support the delivery, Viapath retained its current contracts until March 2021. SYNLAB then bought into the Viapath joint venture on 31 March 2021, thereby becoming a partner to KCL and PSL. To support the buy in a detailed due diligence exercise was conducted and a 15-year business plan was prepared. The SYNLAB investment committee reviewed its financial plan from the start of the new contract and approved the decision to sign the contract in March 2021. This plan is currently forecasting EBITDA of £11.2m in 2021 and £13.4m in 2022. The forecast includes significant transformation expenditure; however the combination of an upfront payment from the Trusts, combined with higher prices prior to the creation of the hub results in a forecast that is not expected to draw on capital.

Viapath therefore will continue to be the vehicle by which the OHSELICS pathology and laboratory services are provided for the entire length of the 15-year contract and potentially for the additional five-year extension period.

Whilst the global economy has been substantially adversely affected by COVID-19, management has proven that Viapath offers an extremely strong product in the market. This has been emphasised through generating significant revenues from COVID testing from the start of the pandemic, resulting in consistently high levels of EBITDA since July 2020. In the longer term, with the backing and expertise of two of London's leading teaching hospitals, now combined with SYNLAB, Europe's largest medical diagnostics provider, management believes that Viapath will remain at the forefront of pathology provision in the UK. The mix of customers is dominated by the two member Trusts - GSTT & King's through the OHSELICS agreement. The new contracts between the OHSELICS and SYNLAB, through its new majority owned entity Viapath, allows for higher prices for the existing services in the three years prior to the creation of the hub, together with an extension of services to the Bexley, Greenwich and Lewisham Clinical Commissioning Groups, and additional services for King's for the previously excluded laboratories and additional phlebotomy services. All of which will result in additional revenue and financial certainty for Viapath.

With the contractually committed support of SYNLAB Group, management believes that it has sufficient financial flexibility to be able to respond to unexpected cash flow needs or opportunities. The Members consist of Europe's largest medical diagnostics provider and two major London teaching NHS Trusts, this further supports management's view that there is no going concern risk due to the financial stability of its Members. The Members therefore have a reasonable expectation that Viapath has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the annual report and financial statements.

#### Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and under the historical cost convention.

The financial statements are presented in pound sterling, rounded to the nearest £1,000 on the historical accrued cost basis and adopting the accounting policies presented herein. Viapath's functional currency is the same as the presentational currency – pound sterling.

**New and amended IFRS Standards that are effective for the current year**

There were no new and revised pronouncements applicable to Viapath in 2020. Viapath has reviewed the accounting considerations related to COVID-19. Having made use of the HMRC Job Retention Scheme (JRS), an accounting policy for 'Grant Income' has been added to page 27. Viapath utilised the JRS to help cover the cost of the employees' salaries during this time, which resulted in an offsetting reduction to the income received from GSTT and KCH.

**New and revised IFRS Standards in issue but not yet effective**

At the date of authorisation of these financial statements, Viapath has not applied the following new and revised IFRS Standards which apply to Viapath. These have been issued but are not effective until January 2022.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current.
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract.

The partnership does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

**Policies applicable from 1 January 2020****The Group as a lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate Intercompany borrowing rate as a proxy to IBR in the lease. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

**Revenue**

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Where income is derived from contracts with customers, it is accounted for under IFRS 15. Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations.

The main source of income for Viapath is from contracts held with GSTT and KCH. A performance obligation relating to the delivery of pathology tests is generally satisfied over time as tests are performed and the customer receives the results. The delivery of services is substantially the same and has a similar pattern of the transfer. At the end of the year Viapath accrues income related to activity delivered in year, where performance is incomplete.

**Grant Income**

The only source of grant income Viapath received in 2020 was from the HM Government relating to the HMRC Job Retention Scheme (JRS). Viapath received JRS grant income to support the costs of employees furloughed due to their extreme clinical vulnerability or need to self-isolate. As the payroll liability has been incurred by the entity, it met the conditions to claim for that payroll accounting period. Viapath adopts IAS 20 whereby the grant income received is deducted against the related expense (salaries and wages). Viapath utilised the JRS to help cover the cost of the employees' salaries during 2020, resulting in an offsetting reduction to the income received from GSTT and KCH.

**Taxation**

The status of a Limited Liability Partnership is such that it is transparent for Corporation Tax. The liability for taxation on Viapath profits falls on the Members and is not dealt with in these financial statements.

**Members' remuneration**

Remuneration to Members that is paid under service agreements, or other payments, which represent a liability of the entity not arising from a division of profits, are either expensed to the income statement or capitalised depending on the nature of the transaction and are disclosed within the related party note.

Profit shares, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

**Intangible assets**

Costs are capitalised as an intangible asset only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Expenditure is amortised over the shorter of the period of the value in use or the assets' expected useful life. Where appropriate, provision is also made for any impairment. All other development expenditure is written off as incurred.

Assets under construction are stated at cost and are not amortised until the asset is completed and placed in service.

Laboratory information system software is typically amortised on a straight-line basis at the rates of 10% - 14% per annum over the life of the contract or licence. An annual review of intangible assets is undertaken to review each asset value in use, as detailed below.

**Property, plant and equipment**

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Viapath does not own any property and leases its Head Office building.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

Depreciation is provided on all property, plant and equipment on a straight-line basis at rates that reduce the assets to their residual value over their estimated useful lives.

The principal annual rates used are:

|                     |           |
|---------------------|-----------|
| Plant and equipment | 10% - 33% |
|---------------------|-----------|

**Impairment of property, plant and equipment and intangible assets**

At each balance sheet date, Viapath reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Indications of impairment are characterised by factors such as

obsolescence or physical damage, asset is idle or held for disposal or the future cash inflows are predicted to be worse than expected. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense in profit and loss.

#### **Leases**

Under IFRS 16, Viapath recognises a right of use asset and lease liability even where no transfer of the risks and rewards of ownership takes place.

The right of use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. Liabilities are measured based on the present value of future lease payments over the lease term. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Viapath recognises depreciation of the right of use lease assets and interest on lease liabilities over the lease term which has no overall impact on profit before tax over the life of the lease.

The Group has concluded that all leasing contracts that meet the definition criteria of IFRS 16 are subject to capitalisation in the financial statements.

#### **Discount rate assessment**

For lease arrangements entered from the effective date of the transition to IFRS 16, the standard requires future lease payments to be discounted using the interest rate implicit in the lease. Where this rate cannot be readily determined the standard provides a practical expedient to use the entity's Incremental Borrowing Rate ('IBR'). The Group has concluded that it is not possible to determine the rate implicit in its portfolio of leases and so will adopt the IBR rate. The Group uses its Member borrowing rate as a proxy to the IBR rate as there is no external borrowings. The Standard specifies a discount rate must be calculated on a lease-by-lease basis. However, as a practical expedient, the standard allows an entity to apply an IBR to a portfolio of leases with similar characteristics.

See note 19 'Lease Commitments' for details of how the standard has been applied.

#### **Financial assets**

Financial assets are classified as loans and receivables. Loans and receivables have fixed or determinable payments that are not quoted in an active market.

Financial assets include cash and cash equivalents, trade receivables, other debtors and amounts owed by Members. Viapath determines the classification of its financial assets at initial recognition, and they are initially recorded at fair value.

#### **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established using the expected credit losses (ECL) method as prescribed in IFRS 9 'Financial Instruments'. The ECL calculation is based on a debtor categorisation and ageing matrix which identifies the historical sums credited to specific debtors or categories of debtor and applies that percentage to current levels of debt. The carrying amount of the asset is reduced using an impairment provision account and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the impairment provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and have a maturity of three months or less.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the value to the business in use.

**Financial liabilities**

Viapath determines the classification of its financial liabilities at initial recognition. Financial liabilities include trade payables, loans due to Members and other amounts due to Members. Trade payables are initially recognised at fair value and subsequently at amortised cost.

**Loans due to Members**

Loans are recognised at the value of proceeds received. Finance charges are recognised in the income statement account on an accrual basis. Member's loans carried a variable interest rate based on 'LIBOR-plus' agreements.

**Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement.

**Pension costs:****i. Defined contribution schemes**

The Legal & General Default Contribution Scheme and Legal & General Enhanced Contribution Scheme are defined contribution schemes provided by Viapath. Contributions for the period in respect of defined contribution schemes are charged to the income statement as they fall due. Differences between charges accruing during the year and cash payments are included as either accruals or prepayments in the balance sheet.

**ii. Defined benefit scheme**

Viapath holds one defined benefit scheme which is closed to new Members. This scheme applies to former NHS employees who were covered by the provisions of the NHS Pension Scheme. Benefits payable and associated costs are accounted for under IAS 39. Further detail is outlined with in Note 20, page 37 of the financial statements.

**iii. Accounting valuation**

A valuation of the pension scheme was carried out by the appointed actuary under accounting standard IAS19 for the year ending 31 December 2020. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, along with the specific assumptions around the discount rate is detailed in note 21 to these financial statements.

**Critical accounting estimates and key sources of estimation**

In the process of applying Viapath's accounting policies which are described in this note, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

- The provision for impairment of trade receivables is established using the expected credit losses (ECL) method – see 'Trade Receivables' above.
- The determination of asset's Useful Economic Lives – see 'Intangible Assets' and 'Property, Plant and Equipment' above.

**2. OPERATING SEGMENT**

The partnership's operations relate to delivering pathology services and laboratory services within the United Kingdom. Viapath operates in a single operating segment. The Board of Directors led by the Chief Executive, is the chief operating decision maker. It is only at this level that revenues are fully reported, and the overall financial and operational performance of the organisation is assessed. The primary mechanism for financial management and control is a detailed management accounts pack which is prepared at an entity and site level. An aggregated summary of this is presented by the Chief

Financial Officer to the Board of Directors at each board meeting. As such the LLP discloses in the financial statements as a single segment.

### **3. REVENUE**

The revenue of the partnership is principally derived from the provision of pathology services and laboratory services to health organisations. Viapath's main customers during 2020 were Guy's and St Thomas' NHS Foundation Trust (GSTT), King's College Hospital NHS Foundation Trust (KCHT), South London and Maudsley NHS Foundation Trust (SLaM) and Bedfordshire Hospitals NHS Foundation Trust (BHT). The contract with BHT ended on 30 June 2020 after BHT merged with Luton and Dunstable University Hospital. In addition to the core contracts held with the customers already noted, a growing proportion of revenue (17%) in 2020 was from third party customers owing to the demand for COVID-19 testing.

### **4. MEMBERS' REMUNERATION CHARGED AS AN EXPENSE AND SHARE OF PROFITS**

All outflows of benefits to Members are treated as Members' remuneration. No remuneration was paid to Members under an employment contract in the current or prior year.

Distributable profits are divided among the Members in accordance with agreed profit-sharing arrangements. A profit distribution of £2.9m was paid to Serco Ltd following their exit from the joint venture on 29 May 2020. This represented a third of the profit valuation at the end of 2019. All other Members waived their entitlement to a profit distribution in 2020, in accordance with the Members Agreement dated 14 November 2020. Subsequently, a profit distribution was made on 31 March 2021, being £3.5m to each of KCS and PSL.

**5. OPERATING PROFIT**

|  | Consolidated<br>2020<br>£ '000 | LLP<br>2020<br>£ '000 | Consolidated<br>2019<br>£ '000 | LLP<br>2019<br>£ '000 |
|--|--------------------------------|-----------------------|--------------------------------|-----------------------|
| Is stated after charging:                        |                                |                       |                                |                       |
| Amortisation of amounts recoverable on contracts |                                |                       |                                |                       |
| Amortisation of intangible assets                | 1,655                          | 79                    | 1,582                          | 67                    |
| Rentals under rental agreements:                 |                                |                       |                                |                       |
| - Land and buildings                             | 120                            | 82                    | 639                            | 639                   |
| - Plant and machinery                            | 236                            | 2                     | 342                            | -                     |
| Depreciation on equipment                        | 1,433                          | -                     | 1,486                          | -                     |
| External Audit Fees                              | 82                             | 82                    | 73                             | 73                    |
| Movement in allowance for doubtful debts         | 177                            | (1)                   | 144                            | (139)                 |
| Impairment of intangibles                        | 6                              | -                     | -                              | -                     |
| Disposals of property, plant and equipment       | 148                            | -                     | 5                              | -                     |
| Cost of inventories recognised as an expense     | 23,602                         | -                     | 23,115                         | -                     |

**OPERATING PROFIT TO EBITDA RECONCILIATION**

|   | Consolidated<br>2020<br>£ '000 | LLP<br>2020<br>£ '000 | Consolidated<br>2019<br>£ '000 | LLP<br>2019<br>£ '000 |
|---|--------------------------------|-----------------------|--------------------------------|-----------------------|
| Profit / (loss) for the year available for discretionary division among Members | 7,365                          | (361)                 | 2,393                          | 1,673                 |
| Interest Expense  | 100                            | 85                    | 190                            | 153                   |
| Amortisation of intangible assets   | 1,655                          | 79                    | 1,582                          | 67                    |
| Depreciation on equipment   | 1,433                          | -                     | 1,486                          | -                     |
| Disposals of property, plant and equipment                                      | -                              | -                     | 5                              | -                     |
| Bid costs   | -                              | -                     | 3,036                          | 247                   |
| <b>Adjusted EBITDA before IFRS 16</b>   | <b>10,553</b>                  | <b>(197)</b>          | <b>8,692</b>                   | <b>2,140</b>          |
| Right-of-use Assets Interest  | 223                            | 116                   | 328                            | 58                    |
| Depreciation on Right-of-Use Assets   | 4,769                          | 434                   | 5,952                          | 434                   |
| <b>Adjusted EBITDA</b>  | <b>15,545</b>                  | <b>353</b>            | <b>14,972</b>                  | <b>2,632</b>          |

Adjusted EBITDA includes adjustments for interest expense, depreciation on equipment, and intangibles which have been expensed in the year. These are not operational costs.

The Actuarial Gain on Defined Benefit scheme of £215k (2019: £168k) in Viapath Group and Consolidated accounts is excluded from Adjusted EBITDA.

**6. EMPLOYEE COSTS**

|                                   | <b>Consolidated</b> | <b>LLP</b>    | <b>Consolidated</b> | <b>LLP</b>    |
|-----------------------------------|---------------------|---------------|---------------------|---------------|
|                                   | <b>2020</b>         | <b>2020</b>   | <b>2019</b>         | <b>2019</b>   |
|                                   | <b>£ '000</b>       | <b>£ '000</b> | <b>£ '000</b>       | <b>£ '000</b> |
| Employee costs excluding Members: |                     |               |                     |               |
| Wages and salaries                | 55,392              | 6,525         | 53,211              | 7,087         |
| Social security costs             | 5,678               | 554           | 5,316               | 516           |
| Other pension costs               | 3,899               | 216           | 3,802               | 183           |
| <b>Total employee costs</b>       | <b>64,969</b>       | <b>7,295</b>  | <b>62,329</b>       | <b>7,786</b>  |

During 2020, Viapath utilised the HM Revenue and Customs (HMRC) Coronavirus Job Retention Scheme (JRS) for employees furloughed due to their extreme clinical vulnerability or need to self-isolate. The grant received was £418k and has been netted against the wages and salaries stated above. Viapath utilised the JRS to help cover the cost of the employees' salaries during 2020, which resulted in an offsetting reduction to the income received from GSTT and KCH.

The average numbers of employees were as follows:

|                             | <b>Consolidated</b> | <b>LLP</b>  | <b>Consolidated</b> | <b>LLP</b>  |
|-----------------------------|---------------------|-------------|---------------------|-------------|
|                             | <b>2020</b>         | <b>2020</b> | <b>2019</b>         | <b>2019</b> |
|                             | <b>No.</b>          | <b>No.</b>  | <b>No.</b>          | <b>No.</b>  |
| Scientific and Operational  | 1,192               | 22          | 1,201               | 21          |
| Administrative and Clerical | 181                 | 92          | 191                 | 94          |
| <b>Total</b>                | <b>1,373</b>        | <b>114</b>  | <b>1,392</b>        | <b>115</b>  |

The number of employees furloughed due to their extreme clinical vulnerability or need to self-isolate during 2020 was 70. Note, not all 70 employees were furloughed at the same time or for the same duration.

**7. FINANCE INCOME AND FINANCE COSTS**

|                             | <b>Consolidated</b> | <b>LLP</b>    | <b>Consolidated</b> | <b>LLP</b>    |
|-----------------------------|---------------------|---------------|---------------------|---------------|
|                             | <b>2020</b>         | <b>2020</b>   | <b>2019</b>         | <b>2019</b>   |
|                             | <b>£ '000</b>       | <b>£ '000</b> | <b>£ '000</b>       | <b>£ '000</b> |
| Interest paid to Members    | 82                  | 81            | 169                 | 143           |
| Right-of-use asset interest | 223                 | 116           | 328                 | 58            |
| Other                       | 18                  | 4             | 21                  | 10            |
| <b>Total finance costs</b>  | <b>323</b>          | <b>201</b>    | <b>518</b>          | <b>211</b>    |



**8. INTANGIBLE ASSETS**

|  | Consolidated<br>Assets<br>Under<br>Construction<br>£ '000 | Consolidated<br>Intangibles<br>£ '000 | Consolidated<br>Total<br>£ '000 | LLP Assets<br>Under<br>Construction<br>£ '000 | LLP Intangibles<br>£ '000 | LLP Total<br>£ '000 |
|--|---|---------------------------------------|---------------------------------|---|---------------------------|---------------------|
| <b>Cost</b>                            |   |                                       |                                 |   |                           |                     |
| <b>At 1 January 2020</b>               | <b>31</b>   | <b>23,657</b>                         | <b>23,688</b>                   | <b>-</b>                                      | <b>529</b>                | <b>529</b>          |
| Additions during the year              | -   | 849                                   | 849                             | -   | 7                         | 7                   |
| Disposals                              | -   | (995)                                 | (995)                           | -   | -                         | -                   |
| Impairment                             | (4)   | (185)                                 | (189)                           | -   | -                         | -                   |
| <b>At 31 December 2020</b>             | <b>27</b>   | <b>23,326</b>                         | <b>23,353</b>                   | <b>-</b>                                      | <b>536</b>                | <b>536</b>          |
| <b>Accumulated amortisation</b>        |   |                                       |                                 |   |                           |                     |
| <b>At 1 January 2020</b>               | <b>-</b>  | <b>(14,764)</b>                       | <b>(14,764)</b>                 | <b>-</b>                                      | <b>(114)</b>              | <b>(114)</b>        |
| Charge for the year                    | -   | (1,655)                               | (1,655)                         | -   | (79)                      | (79)                |
| Disposals                              | -   | 995                                   | 995                             | -   | -                         | -                   |
| Impairment                             | -   | 183                                   | 183                             | -   | -                         | -                   |
| <b>At 31 December 2020</b>             | <b>-</b>  | <b>(15,241)</b>                       | <b>(15,241)</b>                 | <b>-</b>                                      | <b>(193)</b>              | <b>(193)</b>        |
| <b>Net Book Value 31 December 2019</b> | <b>31</b>   | <b>8,893</b>                          | <b>8,924</b>                    | <b>-</b>                                      | <b>415</b>                | <b>415</b>          |
| <b>Net Book Value 31 December 2020</b> | <b>27</b>   | <b>8,805</b>                          | <b>8,112</b>                    | <b>-</b>                                      | <b>343</b>                | <b>343</b>          |

Intangible assets predominately relate to Laboratory Information Management Systems (LIMS).

**9. PROPERTY, PLANT AND EQUIPMENT**

|  | <b>Consolidated<br/>2020<br/>£ '000</b> | <b>LLP<br/>2020<br/>£ '000</b> | <b>Consolidated<br/>2019<br/>£ '000</b> | <b>LLP<br/>2019<br/>£ '000</b> |
|--|---|--------------------------------|---|--------------------------------|
| <b>Cost</b>                                  |   |                                |   |                                |
| At 1 January 2020                            | <b>17,322</b>                           | <b>261</b>                     | 16,043                                  | 261                            |
| Additions during the period                  | 1,864                                   | -                              | 1,299                                   | -                              |
| Disposals                                    | (577)                                   | -                              | (20)                                    | -                              |
| <b>At 31 December 2020</b>                   | <b>18,609</b>                           | <b>261</b>                     | 17,322                                  | 261                            |
| <b>Accumulated depreciation</b>              |   |                                |   |                                |
| At 1 January 2020                            | (12,929)                                | (261)                          | (11,458)                                | (261)                          |
| Charge for the period                        | (1,433)                                 | -                              | (1,486)                                 | -                              |
| Disposals                                    | 429                                     | -                              | 15                                      | -                              |
| <b>At 31 December 2020</b>                   | <b>(13,933)</b>                         | <b>(261)</b>                   | (12,929)                                | (261)                          |
| <b>Net book value as at 31 December 2020</b> | <b>4,676</b>                            | <b>-</b>                       | 4,393                                   | -                              |

During the year, fixed assets were sold for £182k with gain on sale of £34k.

**10. TRADE AND OTHER RECEIVABLES**

Trade and other receivables falling due within one year:

|  | Consolidated<br>2020<br>£ '000 | LLP<br>2020<br>£ '000 | Consolidated<br>2019<br>£ '000 | LLP<br>2019<br>£ '000 |
|--|--------------------------------|-----------------------|--------------------------------|-----------------------|
| Trade receivables                                  | 9,348                          | 8                     | 5,991                          | 109                   |
| Allowance for doubtful debts                       | (1,204)                        | (1)                   | (1,027)                        | (2)                   |
| <b>Total trade receivables</b>                     | <b>8,144</b>                   | <b>7</b>              | <b>4,964</b>                   | <b>107</b>            |
| Amounts owed by Members                            | 18,108                         | -                     | 16,535                         | 2                     |
| Other receivables                                  | 401                            | 18                    | 358                            | 52                    |
| Prepayments and other accrued income               | 5,628                          | 660                   | 3,235                          | 425                   |
| Intercompany debtors                               | -                              | 31,152                | -                              | 36,976                |
| <b>Total receivables falling due within 1 year</b> | <b>32,281</b>                  | <b>31,837</b>         | <b>25,092</b>                  | <b>37,562</b>         |

|                                       | 2020<br>£ '000 | 2020<br>£ '000 | 2019<br>£ '000 | 2019<br>£ '000 |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <b>Analysis of trade receivables:</b> |                |                |                |                |
| Not overdue                           | 4,406          | -              | 2,500          | 2              |
| 30 – 60 days                          | 893            | -              | 454            | 1              |
| 61 – 90 days                          | 529            | -              | 469            | 104            |
| 91 – 120 days                         | 338            | -              | 206            | 1              |
| Over 120 days                         | 3,182          | 8              | 2,362          | 1              |
|                                       | <b>9,348</b>   | <b>8</b>       | <b>5,991</b>   | <b>109</b>     |

|  | 2020<br>£ '000 | 2020<br>£ '000 | 2019<br>£ '000 | 2019<br>£ '000 |
|--|----------------|----------------|----------------|----------------|
| <b>Movement in trade receivables impairment provision:</b> |                |                |                |                |
| Balance as at 1 January                                    | 1,027          | 2              | 883            | 141            |
| Increase/(Decrease) in impairment provision                | 177            | (1)            | 144            | (139)          |
| <b>Balance as at 31 December</b>                           | <b>1,204</b>   | <b>1</b>       | <b>1,027</b>   | <b>2</b>       |

|  | 2020<br>£ '000 | 2020<br>£ '000 | 2019<br>£ '000 | 2019<br>£ '000 |
|--|----------------|----------------|----------------|----------------|
| <b>Trade and other receivables falling due after one year:</b> |                |                |                |                |
| Pension asset  | 1,275          | 1,275          | 1,060          | 1,060          |
| <b>Total receivables falling due after 1 year</b>              | <b>1,275</b>   | <b>1,275</b>   | <b>1,060</b>   | <b>1,060</b>   |

Amounts recoverable on contracts relate to pre-contract and transition costs incurred on the GSTT and King's contracts. The Members estimate that the carrying amount of trade receivables approximates to their fair value.

**11. INVENTORIES**

|  | <b>Consolidated</b> | <b>LLP</b>    | <b>Consolidated</b> | <b>LLP</b>    |
|--|---------------------|---------------|---------------------|---------------|
|  | <b>2020</b>         | <b>2020</b>   | <b>2019</b>         | <b>2019</b>   |
|  | <b>£ '000</b>       | <b>£ '000</b> | <b>£ '000</b>       | <b>£ '000</b> |
| <b>Stock ready for use by the business</b> | <b>5,511</b>        | <b>-</b>      | <b>4,592</b>        | <b>-</b>      |

Inventories represent reagents, stains and other materials consumed in the pathology testing process. Inventories are measured at the lower of cost and net realisable value. No inventories have been pledged as security.

**12. CASH AND CASH EQUIVALENTS**

|                     | <b>Consolidated</b> | <b>LLP</b>    | <b>Consolidated</b> | <b>LLP</b>    |
|---------------------|---------------------|---------------|---------------------|---------------|
|                     | <b>2020</b>         | <b>2020</b>   | <b>2019</b>         | <b>2019</b>   |
|                     | <b>£ '000</b>       | <b>£ '000</b> | <b>£ '000</b>       | <b>£ '000</b> |
| <b>Cash at bank</b> | <b>9,477</b>        | <b>1,098</b>  | <b>12,643</b>       | <b>908</b>    |

**13. TRADE AND OTHER PAYABLES**

|                                   | <b>Consolidated</b> | <b>LLP</b>    | <b>Consolidated</b> | <b>LLP</b>    |
|-----------------------------------|---------------------|---------------|---------------------|---------------|
|                                   | <b>2020</b>         | <b>2020</b>   | <b>2019</b>         | <b>2019</b>   |
|                                   | <b>£ '000</b>       | <b>£ '000</b> | <b>£ '000</b>       | <b>£ '000</b> |
| Trade payables                    | 5238                | 241           | 5,879               | 458           |
| Amounts owed to Members (note 18) | 9,054               | 244           | 10,064              | 250           |
| Other taxes and social security   | 397                 | 1,073         | 610                 | 630           |
| Accruals                          | 12,074              | 3,227         | 11,361              | 3,348         |
| Deferred income                   | 9,335               | -             | 7,765               | -             |
| Amount owed to HMRC               | 1,144               | 177           | 104                 | 217           |
| Intercompany Creditor             | -                   | 4,062         | 5                   | 3,803         |
| Other payables                    | 123                 | -             | 274                 | -             |
| <b>Trade and other payables</b>   | <b>37,365</b>       | <b>9,024</b>  | <b>36,062</b>       | <b>8,706</b>  |

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Member loan (note 15)                             | 5,691         | 5,000         | 6,921         | 6,231         |
| Lease Liabilities                                 | 3,031         | 441           | -             | -             |
| <b>Total payables falling due within one year</b> | <b>46,087</b> | <b>14,465</b> | <b>42,982</b> | <b>14,937</b> |

|  | <b>2020</b>   | <b>2020</b>   | <b>2019</b>   | <b>2019</b>   |
|--|---------------|---------------|---------------|---------------|
|  | <b>£ '000</b> | <b>£ '000</b> | <b>£ '000</b> | <b>£ '000</b> |
| Member loan (note 15)                            | -             | -             | -             | -             |
| Intercompany Creditor                            | -             | 15,199        | -             | 16,707        |
| Lease Liabilities                                | 5,307         | 588           | 5,048         | 1,404         |
| <b>Total payables falling due after one year</b> | <b>5,307</b>  | <b>15,787</b> | <b>5,048</b>  | <b>18,111</b> |

**14. PROVISIONS**

|                         | Consolidated<br>2020<br>£ '000 | LLP<br>2020<br>£ '000 | Consolidated<br>2019<br>£ '000 | LLP<br>2019<br>£ '000 |
|-------------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
| Provisions consist of:  |                                |                       |                                |                       |
| PAYE Underpayments      | 140                            | 140                   | 167                            | 163                   |
| Other                   | 1,047                          | 100                   | 1,145                          | -                     |
| <b>Total Provisions</b> | <b>1,187</b>                   | <b>240</b>            | <b>1,312</b>                   | <b>163</b>            |

Other provisions consist of commercially sensitive information that, if disclosed, may lead to financial loss for Viapath.

**15. MEMBERS' INTERESTS****Consolidated**

|  | Members'<br>capital<br>£ '000 | Other<br>reserves<br>£ '000 | Cash loans<br>due to<br>Members<br>£ '000 | Non-<br>cash<br>loans<br>due to<br>Members<br>£ '000 | Total<br>£ '000 |
|--|-------------------------------|-----------------------------|---|--|-----------------|
| <b>Balance at 1 January 2019</b>   | <b>3,331</b>                  | <b>6,517</b>                | <b>4,590</b>                              | <b>2,331</b>   | <b>16,769</b>   |
| Profit for the financial period available for discretionary division among Members | -                             | 2,393                       | -   | -  | 2,393           |
| Pension Surplus Asset  | -                             | 168                         | -   | -  | 168             |
| <b>Balance at 1 January 2020</b>   | <b>3,331</b>                  | <b>9,078</b>                | <b>4,590</b>                              | <b>2,331</b>   | <b>19,330</b>   |
| Profit for the financial period available for discretionary division among Members | -                             | 7,365                       | -   | -  | 7,365           |
| Pension Surplus Asset  | -                             | 215                         | -   | -  | 215             |
| Loans repaid to Members  | -                             | -                           | (1,230)                                   | -  | (1,230)         |
| Profit Distribution  | -                             | (2,900)                     | -   | -  | (2,900)         |
| <b>Balance at 31 December 2020</b>   | <b>3,331</b>                  | <b>13,758</b>               | <b>3,360</b>                              | <b>2,331</b>   | <b>22,780</b>   |

**MEMBERS' INTERESTS (continued)****Viapath Group LLP**

|  | Members'<br>capital<br>£ '000 | Other<br>reserves<br>£ '000 | Cash loans<br>due to<br>Members<br>£ '000 | Non-cash<br>loans due<br>to<br>Members<br>£ '000 | Total<br>£ '000 |
|--|-------------------------------|-----------------------------|---|--|-----------------|
| <b>Balance at 1 January 2019</b>   | <b>3,331</b>                  | <b>2,965</b>                | <b>4,230</b>                              | <b>2,000</b>                                     | <b>12,526</b>   |
| Profit for the financial period available<br>for discretionary division among<br>Members | -                             | 1,672                       | -   | -  | 1,672           |
| Loans repaid to Members  | -                             | -                           | -   | -  | -               |
| Pension Surplus Asset  | -                             | 168                         | -   | -  | 168             |
| <b>Balance at 1 January 2020</b>   | <b>3,331</b>                  | <b>4,805</b>                | <b>4,230</b>                              | <b>2,000</b>                                     | <b>14,366</b>   |
| Profit for the financial period available<br>for discretionary division among<br>Members | -                             | (361)                       | -   | -  | (361)           |
| Pension Surplus Asset  | -                             | 215                         | -   | -  | 215             |
| Loans repaid to Members  | -                             | -                           | (1,230)                                   | -  | (1,230)         |
| Profit Distribution  | -                             | (2,900)                     | -   | -  | (2,900)         |
| <b>Balance at 31 December 2020</b>   | <b>3,331</b>                  | <b>1,759</b>                | <b>3,000</b>                              | <b>2,000</b>                                     | <b>10,090</b>   |

**16. RELATED PARTY TRANSACTIONS**

During the year, as part of its normal business operations, the partnership entered into a substantial number of transactions with its Members, Guy's and St Thomas' NHS Foundation Trust, King's College Hospital NHS Foundation Trust and Serco Ltd.

**Trading transactions**

During the year ended 31 December 2020, the LLP entered into the following trading transactions with its Members:

**Consolidated (at 31 December 2020)**

|                                | Sales          | Purchases    | Amounts owed<br>from related<br>party | Amounts owed<br>to related party |
|--------------------------------|----------------|--------------|---------------------------------------|----------------------------------|
|                                | £ '000         | £ '000       | £ '000                                | £ '000                           |
| Guy's & St Thomas' NHS FT      | 63,593         | 7,272        | 10,212                                | 2,578                            |
| King's College Hospital NHS FT | 44,433         | 2,130        | 8,981                                 | 6,847                            |
| Serco Limited                  | 76             | 124          | -                                     | -                                |
| <b>Total</b>                   | <b>108,102</b> | <b>9,526</b> | <b>19,193</b>                         | <b>9,425</b>                     |

**Consolidated (at 31 December 2019)**

|                                | Sales          | Purchases     | Amounts owed<br>from related<br>party | Amounts owed<br>to related party |
|--------------------------------|----------------|---------------|---------------------------------------|----------------------------------|
|                                | £ '000         | £ '000        | £ '000                                | £ '000                           |
| Guy's & St Thomas' NHS FT      | 58,884         | 8,309         | 10,542                                | 6,104                            |
| King's College Hospital NHS FT | 41,957         | 3,877         | 6,302                                 | 3,885                            |
| Serco Limited                  | 64             | 887           | 77                                    | 174                              |
| <b>Total</b>                   | <b>100,905</b> | <b>13,073</b> | <b>16,921</b>                         | <b>10,163</b>                    |

Material related party transactions can be summarised as follows:

**Guy's and St Thomas' NHS Foundation Trust (GSTT):**

Under the contracts with GSTT, Viapath provides a full range of laboratory and pathology services to GSTT: amounts invoiced in the year were £64m (2019: £59m). Purchases from GSTT relate to services the trust provides to Viapath Services LLP in order to offer a fully functioning laboratory within the hospital site, for example waste collection and utilities. Viapath Analytics LLP purchases consultants' services. Total invoices received during 2020 from GSTT amounted to £7m (2019: £8m). An interest charge of £0.1m has been recognised in the Statement of Comprehensive Income in relation to the loan from GSTT (2019: £0.1m). Post year-end, Viapath made the final tranche of loan repayments to GSTT totalling £2.405m. A profit distribution of £3.5m was made on 31 March 2021.

**King's College Hospital NHS Foundation Trust (KCH):**

Under contracts with KCH, Viapath provides a full range of laboratory and pathology services to KCH: amounts invoiced in the year were £44m (2019: £42m). As for GSTT, Viapath Services LLP purchases waste collection, utilities, and other services from KCH, and Viapath Analytics LLP purchases consultants' services. Total invoices received in year from KCH totalled £2m (2019: £4m). An interest charge of £0.1m has been recognised in the Statement of Comprehensive Income in relation to the loan from KCH (2019: £0.1m). Post-year end, Viapath made the final tranche of loan repayments to KCH totalling ££3.286m. A profit distribution of £3.5m was made on 31 March 2021.

**Serco Limited:**

Serco charged an amount of £0.1m in 2020 (2019: £0.9m) under Serco Services Agreement (SSA) for IT, finance system, and accounting services (2019 charges also included Bid Costs). An interest charge of £0.1m (2019: £0.1m) has been recognised in the Statement of Comprehensive Income. In addition to the sales and purchases made in 2020, as part of Serco's exit from the joint venture, Viapath repaid the £1.2m owing to Serco Ltd and made a profit distribution of £2.9m.

## 17. ANALYSIS OF NET DEBT

| Consolidated                     | 01-Jan-2020  | Cash flow<br>Movement | Interest<br>Charge | Non-cash | 31-Dec-20    |
|----------------------------------|--------------|-----------------------|--------------------|----------|--------------|
|                                  | £ '000       | £ '000                | £ '000             | £ '000   | £ '000       |
| <b>Cash and cash equivalents</b> |              |                       |                    |          |              |
| Cash                             | 12,643       | (3,166)               | -                  | -        | 9,477        |
| <b>Current liabilities</b>       |              |                       |                    |          |              |
| Loans                            | (6,921)      | 1,230                 | -                  | -        | (5,691)      |
| <b>Non-current liabilities</b>   |              |                       |                    |          |              |
| Leases                           | (328)        | -                     | 105                | -        | (223)        |
| Loans over one year              | -            | -                     | -                  | -        | -            |
| <b>Net debt</b>                  | <b>5,394</b> | <b>(1,936)</b>        | <b>105</b>         | <b>-</b> | <b>3,563</b> |

Cash and cash equivalents comprise cash balances at a major UK bank. There are no bank overdrafts.

| Consolidated                     | 01-Jan-2019  | Cash flow<br>Movement | Interest<br>Charge | Non-cash | 31-Dec-19    |
|----------------------------------|--------------|-----------------------|--------------------|----------|--------------|
|                                  | £ '000       | £ '000                | £ '000             | £ '000   | £ '000       |
| <b>Cash and cash equivalents</b> |              |                       |                    |          |              |
| Cash                             | 6,029        | 6,614                 | -                  | -        | 12,643       |
| <b>Current liabilities</b>       |              |                       |                    |          |              |
| Finance leases                   | -            | (6,921)               | -                  | -        | (6,921)      |
| <b>Non-current liabilities</b>   |              |                       |                    |          |              |
| Finance leases                   | -            | -                     | (328)              | -        | (328)        |
| Loans over one year              | (6,921)      | 6,921                 | -                  | -        | -            |
| <b>Net debt</b>                  | <b>(892)</b> | <b>6,641</b>          | <b>(328)</b>       | <b>-</b> | <b>5,394</b> |



**18. FINANCIAL RISK MANAGEMENT****Capital risk management**

The partnership's capital structure and policies are regularly reviewed to ensure that they remain relevant to the business and its plans for growth. The partnership is financed by the three Members via capital and loans.

The carrying amounts of financial instruments are as follows:

|  | <b>Consolidated<br/>2020<br/>£ '000</b> | <b>Consolidated<br/>2019<br/>£ '000</b> |
|--|---|---|
| <b>Financial assets – loans and receivables</b>  |   |   |
| Trade receivables                                | 9,348                                   | 5,991                                   |
| Other receivables                                | 401                                     | 358                                     |
| Amounts owed by Members                          | 18,108                                  | 16,535                                  |
| Cash and cash equivalents                        | 9,477                                   | 12,643                                  |
| <b>Financial liabilities – at amortised cost</b> |   |   |
| Trade payables                                   | (5,238)                                 | (5,879)                                 |
| Loans due to Members                             | (5,691)                                 | (6,921)                                 |
| Amounts owed to Members                          | (9,054)                                 | (10,064)                                |
| <b>Net financial Assets</b>                      | <b>17,351</b>                           | <b>12,053</b>                           |

The maximum exposure to credit risk in relation to financial assets at the reporting date is the carrying value. The partnership does not hold any collateral as security. The Members estimate that the carrying value of all financial instruments approximates to their fair value. The fair values have been determined using contracts, pricing agreements and appropriate valuation methodology.

The principal risks arising from the partnership's use of financial assets and liabilities and details of how these risks are managed are set out in the Strategic Report beginning on page 7.

**Interest rate sensitivity analysis**

The LLP is exposed to interest rate risk on the loans due to Members at 2% above LIBOR. Loans due to Members fall due within 12 months.

If LIBOR interest rates increase by 2% the LLP shall be exposed to an increased interest charge of £76,517 per annum.

**FINANCIAL RISK MANAGEMENT (continued)****Capital risk management (continued)**

The maturity dates of financial assets/liabilities are as follows:

**Maturity Assessment Consolidated**

|  | Less<br>than 1<br>month<br>£ '000 | 1 to 3<br>months<br>£ '000 | 3 months<br>to 1 year<br>£ '000 | Over 1<br>year<br>£ '000 | Total<br>£ '000 |
|--|-----------------------------------|----------------------------|---------------------------------|--------------------------|-----------------|
| <b>As at 31 December 2020</b>                    |                                   |                            |                                 |                          |                 |
| <b>Financial assets – loans and receivables</b>  |                                   |                            |                                 |                          |                 |
| Trade receivables (note 10)                      | 4,406                             | 1,422                      | 2,028                           | 1,492                    | 9,348           |
| Other receivables (note 10)                      | 75                                | 327                        | -                               | -                        | 401             |
| Amounts owed by Members (note 10)                | 10,024                            | 5,571                      | 2,325                           | 187                      | 18,107          |
| Cash and cash equivalents (note 12)              | 9,477                             | -                          | -                               | -                        | 9,477           |
| <b>Financial liabilities – at amortised cost</b> |                                   |                            |                                 |                          |                 |
| Trade payables (note 13)                         | (4,129)                           | (737)                      | (372)                           | -                        | (5,238)         |
| Loans due to Members (note 17)                   | -                                 | -                          | -                               | (5,691)                  | (5,691)         |
| Amounts owed to Members (note 13)                | (4,693)                           | (411)                      | (3,950)                         | -                        | (9,054)         |
| <b>Net financial instruments</b>                 | <b>15,160</b>                     | <b>6,171</b>               | <b>31</b>                       | <b>(4,012)</b>           | <b>17,351</b>   |

|  | Less<br>than 1<br>month<br>£ '000 | 1 to 3<br>months<br>£ '000 | 3 months<br>to 1 year<br>£ '000 | Over 1<br>year<br>£ '000 | Total<br>£ '000 |
|--|-----------------------------------|----------------------------|---------------------------------|--------------------------|-----------------|
| <b>As at 31 December 2019</b>                    |                                   |                            |                                 |                          |                 |
| <b>Financial assets – loans and receivables</b>  |                                   |                            |                                 |                          |                 |
| Trade receivables (note 10)                      | 2,500                             | 923                        | 1,283                           | 1,285                    | 5,991           |
| Other receivables (note 10)                      | (30)                              | 203                        | 185                             | -                        | 358             |
| Amounts owed by Members (note 10)                | 11,867                            | 2,897                      | 1,714                           | 58                       | 16,535          |
| Cash and cash equivalents (note 12)              | 12,643                            | -                          | -                               | -                        | 9,477           |
| <b>Financial liabilities – at amortised cost</b> |                                   |                            |                                 |                          |                 |
| Trade payables (note 13)                         | (5,059)                           | (391)                      | (430)                           | -                        | (5,879)         |
| Loans due to Members (note 17)                   | -                                 | -                          | (6,921)                         | -                        | (6,921)         |
| Amounts owed to Members (note 13)                | (6,809)                           | (2,137)                    | (1,119)                         | -                        | (10,064)        |
| <b>Net financial instruments</b>                 | <b>15,112</b>                     | <b>1,495</b>               | <b>(5,288)</b>                  | <b>1,343</b>             | <b>12,662</b>   |

**19. LEASE COMMITMENTS**

A lease conveys the right to control an identified asset for a period in exchange for consideration. The lease is recognised as a Right-Of-Use Asset on the balance sheet, measured at the amount of the lease liability less the associated interest cost.

The lease liability is measured at the present value of the future lease payments, using a lease term that includes periods covered by extension options if exercise is reasonably certain. The interest rate implicit in the leases is assumed at the cost of borrowing (LIBOR + 2%) as per the Member loans. Viapath has no other debt financing arrangements or types of leases that could determine an alternative incremental borrowing rate.

Viapath has exercised its right under IFRS16 to make use of the practical expedients for short term leases (less than 12 months in duration) and low value leases (less than £100k contract spend). Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**Right-of-Use Assets**

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

|  | Property | Office<br>Equipment | Laboratory<br>Equipment s | Consol. | Group |
|--|----------|---------------------|---------------------------|---------|-------|
|  | £'000    | £'000               | £'000                     | £'000   | £'000 |
| <b>Cost</b>                                    |          |                     |                           |         |       |
| 31 December 2019                               | 1,896    | 38                  | 9,066                     | 11,000  | 1,896 |
| 31 December 2020                               | 1,463    | 23                  | 11,622                    | 13,107  | 1,463 |
| <b>Depreciation expense for the year ended</b> |          |                     |                           |         |       |
| 31 December 2019                               | (434)    | (16)                | (5,503)                   | (5,952) | (434) |
| 31 December 2020                               | (434)    | (16)                | (4,321)                   | (4,769) | (434) |
| <b>Net Carrying Value</b>                      |          |                     |                           |         |       |
| 31 December 2019                               | 1,462    | 23                  | 3,563                     | 5,048   | 1,462 |
| 31 December 2020                               | 1,029    | 7                   | 7,301                     | 8,338   | 1,029 |

Additions to right of use assets during 2020 were £3,290k of Laboratory Equipment.

\* Values are as at 31/12/2020.

\*\*Termination options interpreted as break date or notice period.

\*\*\*Note: Laboratory Equipment relates to the supply of instruments, reagents, and consumables – consumables typically being probes and sensor level triggers used in Viapath's laboratories.

**Maturity Analysis****Right of use Liabilities**

|  | <b>Consolidated<br/>2020<br/>£'000</b> | <b>Group<br/>2020<br/>£'000</b> | <b>Consolidated<br/>2019<br/>£'000</b> | <b>Group<br/>2019<br/>£'000</b> |
|--|--|---------------------------------|--|---------------------------------|
| <b>Amounts recognised in profit or loss in P&amp;L</b> |  |                                 |  |                                 |
| Depreciation   | 4,769                                  | 434                             | 5,952                                  | 434                             |
| Interest on lease liabilities                          | 223                                    | 116                             | 328                                    | 58                              |

The consolidated undiscounted maturity analysis of lease liabilities at 31 December 2020 is as follows:

| <b>31 December 2020</b>   | <b>Within<br/>1 year<br/>£'000</b> | <b>2<br/>years<br/>£'000</b> | <b>3<br/>years<br/>£'000</b> | <b>4<br/>years<br/>£'000</b> | <b>5 or<br/>more<br/>years<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|--|------------------------|
| Property                  | 441                                | 441                          | 147                          | -                            | -  | 1,029                  |
| Office Equipment          | 7                                  | -                            | -                            | -                            | -  | 7                      |
| Equipment and Consumables | 2,583                              | 1,956                        | 1,387                        | 747                          | 629                                      | 7,302                  |
| <b>Total</b>              | <b>3,031</b>                       | <b>2,397</b>                 | <b>1,534</b>                 | <b>747</b>                   | <b>629</b>                               | <b>8,338</b>           |

| <b>31 December 2019</b>   | <b>Within<br/>1 year<br/>£'000</b> | <b>2<br/>years<br/>£'000</b> | <b>3<br/>years<br/>£'000</b> | <b>4<br/>years<br/>£'000</b> | <b>5 or<br/>more<br/>years<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|--|------------------------|
| Property                  | 366                                | 366                          | 366                          | 366                          | -  | 1,464                  |
| Office Equipment          | 9                                  | 9                            | 4                            | -                            | -  | 22                     |
| Equipment and Consumables | 1,475                              | 1,128                        | 570                          | 355                          | 34                                       | 3,562                  |
| <b>Total</b>              | <b>1,850</b>                       | <b>1,503</b>                 | <b>940</b>                   | <b>721</b>                   | <b>34</b>                                | <b>5,048</b>           |

**20. PENSION SCHEMES: DEFINED CONTRIBUTION SCHEMES**

The Viapath group of LLPs has three current and two closed defined contribution pension schemes for employees:

- i. Legal & General Default Contribution Scheme – current;
- ii. Legal & General Enhanced Contribution Scheme – current
- iii. Legal & General Auto-Enrolment Pension Scheme – closed to new contributions;
- iv. Legal & General Stakeholder Pension Scheme – closed to new contributions;
- v. NHS Pension Schemes – current.

**Legal & General Default Contribution Scheme and Legal & General Enhanced Contribution Scheme**

The Legal & General Default Contribution Scheme and Legal & General Enhanced Contribution Scheme are Defined Contribution schemes. The new schemes were introduced in 2020 to replace the previous Auto-Enrolment and Stakeholder schemes and provide the Group's employees with modernised and improved pensions. The schemes' assets are held separately from those of the partnership in contract-based arrangements. The partnership paid employer contributions for the year ended 31 December 2020 of £0.895m net of salary sacrifice deductions (2019: £0.792m) into the L&G Schemes.

**NHS Pension Schemes**

The NHS Pension Schemes are all Defined Benefit schemes, under the NHS Pension Scheme reference numbers EA2329, EA2330 and EA2331. The schemes are for employees who transferred to Viapath employment under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006. Viapath was granted *Direction Status with effect from 1 January 2015* under Section 7 of the Superannuation (Miscellaneous Provisions) Act 1967, under which the Secretary of State approves, subject to certain restrictions, the payment of contributions by people employed outside the National Health Service.

Direction Status allows employees who are compulsorily transferred from the NHS to be offered continued access to the NHS Pensions Scheme rather than being offered a comparable private pension scheme. In broad terms, all employees whose employment is compulsorily transferred from the public sector under TUPE, including subsequent TUPE transfers, to independent providers of public services will retain access to their current employer's pension arrangements.

The NHS Pension Schemes are non-funded Defined Benefit UK Government schemes to which employers' only liability is to make contributions. The schemes' assets are held separately from those of the partnership in contract-based arrangements. They are therefore treated as Defined Contribution schemes in these accounts.

The partnership paid employer contributions for the year ended 31 December 2020 of £3.005m (2019: £3.010m) into the NHS Pension Schemes.

**21. PENSION SCHEMES: DEFINED BENEFIT SCHEME****Prudential Platinum Pension**

The partnership participates in Prudential Platinum Pension Scheme - Viapath Group LPP, a Sub-Scheme of the Prudential Platinum Pension Scheme. The Prudential Platinum Pension Scheme is a funded defined benefit pension scheme in the UK. The Sub-Scheme is administered within a trust which is legally separate from the partnership. There is an independent Trustee who is responsible for ensuring that the correct benefits are paid, that the Sub-Scheme is appropriately funded and that Sub-Scheme assets are appropriately invested.

This scheme provides pensions and lump sums to Members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The scheme closed to accrual of benefits on 31 December 2014.

The Trustee is required to use prudent assumptions to value the liabilities and costs of the scheme, whereas the accounting assumptions must be best estimates.

Responsibility for making good any deficit within the scheme lies with the partnership and this introduces a number of risks for the partnership. The major risks are: interest rate risk; inflation risk; investment risk; longevity risk. The partnership and Trustee are aware of these risks and manage them through appropriate investment and funding strategies. The Trustee manages governance and operational risks through a number of internal controls policies, including a risk register.

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 31 December 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

An actuarial valuation was carried out as at 31 December 2020. The figures in the following disclosure were measured using the Projected Unit Method.

**The amounts recognised in the statement of financial position are as follows:**

|   | <b>31/12/2020</b>   | <b>31/12/2019</b>   |
|---|---------------------|---------------------|
|   | <b>£'000</b>        | <b>£'000</b>        |
| Present value of scheme liabilities   | (4,540)             | (4,115)             |
| Fair value of scheme assets   | <u>5,815</u>        | <u>5,175</u>        |
| Funded status   | <u>1,275</u>        | <u>1,060</u>        |
| Net amount recognised at year end<br>(before any adjustment for deferred tax) | <u><b>1,275</b></u> | <u><b>1,060</b></u> |

**PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)**

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in the employee benefits expense in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

|   | Year ended<br>31/12/2020<br>£'000 | Year ended<br>31/12/2019<br>£'000 |
|---|-----------------------------------|-----------------------------------|
| Service cost:   |                                   |                                   |
| Current service cost (net of employee contributions)                    | -                                 | -                                 |
| Administration expenses   | 1                                 | 25                                |
| Past service cost and loss/(gain) on settlements and curtailments       | -                                 | -                                 |
| Net interest (credit)   | (21)                              | (24)                              |
| Charge/(credit) recognised in P&L                                       | <u>(20)</u>                       | <u>1</u>                          |
| Remeasurements of the net liability:                                    |                                   |                                   |
| Return on scheme assets (excluding amount included in Interest expense) | (609)                             | (443)                             |
| (Gain)/loss arising from changes in financial assumptions               | 398                               | 362                               |
| Gain arising from changes in demographic assumptions                    | 52                                | (18)                              |
| Experience (Gain)/loss  | (36)                              | (45)                              |
| Credit recorded in other comprehensive income                           | <u>(195)</u>                      | <u>(144)</u>                      |
| Total defined benefit credit  | <u>(215)</u>                      | <u>(143)</u>                      |

**PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)****The principal actuarial assumptions used were:**

|                                    | 31/12/2020                         | 31/12/2019 |
|------------------------------------|------------------------------------|------------|
| Liability discount rate            | 1.40%                              | 2.00%      |
| Inflation assumption - RPI         | 2.80% up to 2030, 2.50% after 2030 | 2.81%      |
| Inflation assumption - CPI         | 1.80% up to 2030, 2.30% after 2030 | 2.01%      |
| Revaluation of deferred pensions:  |                                    |            |
| RPI                                | 2.80% up to 2030, 2.50% after 2030 | 2.81%      |
| Increases for pensions in payment: |                                    |            |
| RPI max 6%                         | 2.80% up to 2030, 2.50% after 2030 | 3.13%      |
| RPI                                | 2.80% up to 2030, 2.50% after 2030 | 2.81%      |

In 2019 a deduction of 0.3% was made to Risk First's Gilt RPI curve when determining RPI. On 25th November 2020 it was announced that the UK's Retail Price Index (RPI) inflation measure will be aligned with the Consumer Price Index including housing costs (CPIH) from 2030, with no compensation for holders of index-linked Gilts. As CPIH has historically been lower than RPI, this would reduce RPI inflation from 2030 onwards. At present the markets do not seem to have fully reflected these implications of the announcement, therefore an inflation risk premium of 0.20% pa is used until 2030 and 0.50% pa after 2030 to reflect the expectation that RPI will be lower post 2030. This gives an assumption of 2.80% up to 2030 and 2.50% thereafter. This compares to an assumption of 2.70% per annum, set using the same method as was adopted for the 2019 accounting disclosures.

|   |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
|   | 0.00%                               | 0.00%                               |
| Proportion of employees opting for early retirement   |                                     |                                     |
| Proportion of employees commuting pension for cash    | 0.00%                               | 0.00%                               |
|   | SAPS S3Px A<br>CMI 2019             | SAPS S2Px A CMI 2016                |
| Mortality assumption - preretirement                  | 1.5% IA 0.3%                        | 1.5%                                |
|   | SAPS S3PMA<br>CMI 2019 projections  | SAPS S2PMA<br>CMI 2018 projections  |
| Mortality assumption - male post retirement           | 1.5% long-term rate                 | 1.5% long-term rate                 |
|   | SAPS S3PF A<br>CMI 2019 projections | SAPS S2PF A<br>CMI 2018 projections |
| Mortality assumption - female post retirement         | 1.5% long-term rate                 | 1.5% long-term rate                 |
| Expected age at death of current pensioner at age 65: |                                     |                                     |
| Male aged 65 at year end:                             | 87.3                                | 86.9                                |
| Female aged 65 at year end:                           | 89.6                                | 89.2                                |
| Expected age at death of future pensioner at age 65:  |                                     |                                     |
| Male aged 45 at year end:                             | 88.9                                | 88.6                                |
| Female aged 45 at year end:                           | 91.3                                | 90.9                                |



**PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)****Changes in the present value of assets over the period:**

|  | <b>31/12/2020</b>   | <b>31/12/2019</b>   |
|--|---------------------|---------------------|
|  | <b>£'000</b>        | <b>£'000</b>        |
| Fair value of assets at start of period                              | 5,175               | 4,672               |
| Interest income  | 103                 | 125                 |
| Return on assets (excluding amount included in net interest expense) | 609                 | 443                 |
| Contributions from the employer                                      | -                   | 49                  |
| Benefits paid  | (71)                | (65)                |
| Administration expenses  | (1)                 | (49)                |
| Fair value of assets at end of period                                | <u><b>5,815</b></u> | <u><b>5,175</b></u> |
| Actual return on assets over the period                              | 712                 | 568                 |

**Changes in the present value of liabilities over the period:**

|  | <b>31/12/2020</b>   | <b>31/12/2019</b>   |
|--|---------------------|---------------------|
|  | <b>£'000</b>        | <b>£'000</b>        |
| Liabilities at start of period   | 4,115               | 3,780               |
| Current service cost   | -                   | -                   |
| Interest cost  | 82                  | 101                 |
| Contributions from employees   | -                   | -                   |
| Remeasurement (gains)/losses:  |                     |                     |
| Actuarial gains and losses arising from changes in financial assumptions   | 398                 | 362                 |
| Actuarial gains and losses arising from changes in demographic assumptions | 52                  | (18)                |
| Other experience items   | (36)                | (45)                |
| Past service cost  | -                   | -                   |
| Loss/(gain) on curtailments  | -                   | -                   |
| Liabilities extinguished on settlements                                    | -                   | -                   |
| Liabilities assumed on business combinations                               | -                   | -                   |
| Audit adjustment   | -                   | -                   |
| Benefits paid  | (71)                | (65)                |
| Liabilities at end of period   | <u><b>4,540</b></u> | <u><b>4,115</b></u> |

**PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)**

The split of the scheme's liabilities by category of membership is as follows:

|  | 31/12/2020<br>£'000 | 31/12/2019<br>£'000 |
|--|---------------------|---------------------|
| Deferred pensioners  | 3,819               | 3,416               |
| Pensions in payment  | 721                 | 699                 |
|  | <b>4,540</b>        | <b>4,115</b>        |
| Average duration of the scheme's liabilities at the end of the prior years |                     |                     |
|  | 25                  | 25                  |
| This can be subdivided as follows:   |                     |                     |
| Active members   | -                   | -                   |
| Deferred pensioners  | 27                  | 27                  |
| Pensions in payment  | 14                  | 14                  |

The major categories of scheme assets are as follows:

|                              | 31/12/2020<br>£'000 | 31/12/2019<br>£'000 |
|------------------------------|---------------------|---------------------|
| <b>Return seeking</b>        |                     |                     |
| UK Equities                  | -                   | -                   |
| Overseas Equities            | -                   | -                   |
| Other (Specify)              | -                   | -                   |
| Return seeking subtotal      | -                   | -                   |
| <b>Debt instruments</b>      |                     |                     |
| Corporates                   | 2,951               | 2,582               |
| Gilts                        | -                   | -                   |
| Index Linked                 | 2,863               | 2,593               |
| Debt instrument subtotal     | <b>5,814</b>        | <b>5,175</b>        |
| <b>Other</b>                 |                     |                     |
| Property                     | -                   | -                   |
| Cash                         | -                   | -                   |
| Total market value of assets | <b>5,814</b>        | <b>5,175</b>        |

**PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)**

The equity and debt instruments all have quoted prices in active markets. Derivatives can be classified as level 2 instruments and property as level 3 based on the definition in IFRS 13 fair value measurement.

The Scheme has no investments in the partnership or in property occupied by the partnership.

The partnership does not expect to contribute to the Scheme during year ending 31 December 2021 other than meeting expenses.

**Sensitivity of the liability value to changes in the principal assumptions**

If the discount rate was 0.1 percent higher (lower), the scheme liabilities would decrease by £110,000 (increase by £113,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1 percent higher (lower), the scheme liabilities would increase by £108,000 (decrease by £105,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is deferred pension and pension in payment increases. The other assumptions remain unchanged.

**22. EVENTS AFTER THE REPORTING PERIOD**

After the balance sheet date, SYNLAB bought into the Viapath joint venture on 31 March 2021 at which point the new OHSELICS contracts came into effect. PSL and KCS accepted the balance of their outstanding loans totalling £5,691m on 31 March 2021, at which date the loans due to all Members reduced to nil. Owing to the strong trading and cash position at Viapath, a profit share of £7m was distributed evenly to PSL and KCS on 31 March 2021.

**23. SUBSIDIARY UNDERTAKINGS**

The Consolidated financial statements include the balances of Viapath Analytics LLP (VA) registration number OC392043 and Viapath Services LLP (VS) registration number OC392044. The registered address of both these partnerships is Francis House, 9 King's Head Yard, London, SE1 1NA.

Viapath Group LLP has guaranteed the liabilities of its subsidiaries, Viapath Analytics LLP and Viapath Services LLP under Section 479A and C of the Companies Act 2006 (as Amended). As such, VA and VS will take advantage of the audit exemption set out within Section 479A for the year ended 31 December 2020.