

Limited Liability Partnership Registration No. OC378879 (England and Wales)

**CYGNET (DM) LLP**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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COMPANIES HOUSE

# **CYGNET (DM) LLP**

## **LIMITED LIABILITY PARTNERSHIP INFORMATION**

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<b>Designated members</b>	Cygnnet (OE) Limited Cygnnet (DH) Limited Cygnnet Health Care Limited
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<b>Limited liability partnership number</b>	OC378879
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<b>Registered office</b>	Nepicar House London Road Wrotham Heath Sevenoaks Kent England TN15 7RS
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<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
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# **CYGNET (DM) LLP**

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# **CYGNET (DM) LLP**

## **MEMBERS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The members present their annual report and audited financial statements for the year ended 31 December 2021.

#### **Principal activities**

The principal activity of the limited liability partnership continued to be that of the provision of consultancy and support services to fellow group members.

#### **Members' drawings, contributions and repayments**

The members' drawing policy allows each member to draw a proportion of their profit share based on initial contributions, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

#### **Designated members**

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Cygnnet (OE) Limited  
Cygnnet (DH) Limited  
Cygnnet Health Care Limited

#### **Business review**

The results for the year ended 31 December 2021 and 31 December 2020 are set out in the Income statement.

In 2021, Cygnnet (DM) LLP (the "LLP") received revenue of £28k (2020: £120k), and had operating costs of £28k (2020: £118k). The decrease is a result of management services of the company being moved to other group companies.

The LLP generated £nil result after tax (2020: £nil).

Cygnnet (DM) LLP has £nil in property, plant and equipment (2020: £28k); all of which was attributable to the rental property right of use asset in accordance with IFRS 16.

Cygnnet (DM) LLP had net assets of £16k (2020: £16k) at 31 December 2021.

#### **Qualifying third party indemnity provisions**

The limited liability partnership has made qualifying third party indemnity provisions for the benefit of its members during the year. These provisions remain in force at the reporting date.

#### **Future developments**

The LLP continues to support the head office function of the group.

#### **Independent auditors**

In accordance with section 487 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the LLP will be put at the next Annual General Meeting.

# **CYGNET (DM) LLP**

## **MEMBERS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Statement of members' responsibilities**

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

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, as applied to qualifying partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying partnership will continue in business.

The members are also responsible for safeguarding the assets of the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships.

#### **Statement of disclosure to auditors**

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

## **CYGNET (DM) LLP**

### **MEMBERS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

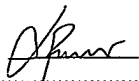
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#### **Basis of going concern**

The financial statements have been prepared on a going concern basis which the members believe to be appropriate for the reasons set out below.

The members have received a letter from Cygnet Health UK Limited indicating their intention to: (1) continue to provide the financial resources necessary to support the company in meeting its liabilities as and when they fall due for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2021; and (2) not to require settlement of outstanding intercompany balances to the extent that money is not, at the relevant settlement date, otherwise available to the company to meet such liabilities for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2021. As with any company placing reliance on other group entities for financial support, the members acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so and they have reviewed the consolidated group cash flow forecasts for the entity providing the letter of support extending 12 months from signing date and have concluded there are adequate resources to support the company as a going concern as well as all other subsidiaries to whom support is being provided for this period.

The members report was approved by the members on .....27 June 2022..... and signed on behalf by



.....  
**Dr Antonio Romero**  
on behalf of  
Cygnet Health Care Limited  
**Designated Member**

## ***Independent auditors' report to the members of Cygnet (DM) LLP***

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

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#### **Opinion**

In our opinion, Cygnet (DM) LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: statement of financial position as at 31 December 2021; the income statement and the reconciliation of members' interests for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the LLP's ability to continue as a going concern.

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

## ***Independent auditors' report to the members of Cygnet (DM) LLP***

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

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

#### **Responsibilities for the financial statements and the audit**

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

As explained more fully in the Statement of members' responsibilities, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.



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

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### ***Auditors' 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 auditors' 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.

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.

Based on our understanding of the LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 as applied to limited liability partnerships and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of financial reporting through the use of journals impacting the result. Audit procedures performed by the engagement team included:

- Enquiries with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing unusual journal entries, in particular journal entries posted with an unusual account combinations impacting the result;
- Reviewing minutes of meetings of the members; and
- Assessment of the company's whistleblowing facility and matters reported through the facility.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

## ***Independent auditors' report to the members of Cygnet (DM) LLP***

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

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#### **Use of this report**

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### ***Companies Act 2006 exception reporting***

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

  
.....

Nigel Reynolds (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
London  
28 June 2022

## **CYGNET (DM) LLP**

### **INCOME STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Revenue</b>		<b>28</b>	<b>120</b>
<b>Operating expenses</b>		<b>(28)</b>	<b>(118)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<b>3</b>	<b>-</b>	<b>2</b>
<b>Finance costs</b>	<b>6</b>	<b>-</b>	<b>(2)</b>
		<hr/>	<hr/>
<b>Result for the financial year before members' remuneration and results from shares available for discretionary division among members</b>		<b>-</b>	<b>-</b>
		<hr/>	<hr/>

The income statement has been prepared on the basis that all operations are continuing operations.

The accompanying notes on pages 11 to 20 form part of the financial statements.

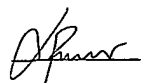
# CYGNET (DM) LLP

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Property, plant and equipment	7	-	28
<b>Current assets</b>			
Trade and other receivables	8	5,624	5,582
Cash and cash equivalents		36	85
		<u>5,660</u>	<u>5,667</u>
<b>Current liabilities</b>			
Trade and other payables	9	5,644	5,650
Lease liabilities		-	29
		<u>5,644</u>	<u>5,679</u>
<b>Net current assets/(liabilities)</b>		<u>16</u>	<u>(12)</u>
<b>Total assets less current liabilities and net assets attributable to members</b>		<u>16</u>	<u>16</u>
<b>Represented by:</b>			
<b>Members' other interests</b>			
Members' capital classified as equity		(145)	(145)
Other reserves classified as equity		161	161
		<u>16</u>	<u>16</u>
<b>Total members' interests</b>			
Members' other interests		<u>16</u>	<u>16</u>

The financial statements were approved by the members and authorised for issue on ..27 June 2022.... and are signed on their behalf by:



Dr Antonio Romero

on behalf of:

Cygnat Health Care Limited

Designated member

Registration No. OC378879

The accompanying notes on pages 11 to 20 form part of the financial statements.

# CYGNET (DM) LLP

## RECONCILIATION OF MEMBERS' INTERESTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### Current financial year

	EQUITY		TOTAL
	Members' other interests		MEMBERS' INTERESTS
	Members' capital (classified as equity)	Other reserves	Total
	£'000	£'000	£'000
Members' interests at 1 January 2021	(145)	161	16
Result for the financial year available for discretionary division among members	-	-	-
Members' interests after result for the year	(145)	161	16
Members' interests at 31 December 2021	(145)	161	16

#### Prior financial year

	EQUITY		TOTAL
	Members' other interests		MEMBERS' INTERESTS
	Members' capital (classified as equity)	Other reserves	Total
	£'000	£'000	£'000
Members' interests at 1 January 2020	(145)	161	16
Result for the financial year available for discretionary division among members	-	-	-
Members' interests after result for the year	(145)	161	16
Members' interests at 31 December 2020	(145)	161	16

# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Limited liability partnership information

Cygnnet (DM) LLP is a limited liability partnership incorporated in England and Wales. The registered office is Nepicar House, London Road, Wrotham Heath, Sevenoaks, Kent, England, TN15 7RS.

The limited liability partnership's principal activities are disclosed in the Members' Report.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Where relevant, the LLP has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Cygnnet Health UK Limited in which the entity is consolidated;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of IFRS 7 Financial Instruments: Disclosures.

Where required, equivalent disclosures are given in the group financial statements of Cygnnet Health UK Limited. The group financial statements of Cygnnet Health UK Limited are available to the public and can be obtained as set out in note 12.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the members believe to be appropriate for the reasons set out below.

The members have received a letter from Cygnet Health UK Limited indicating their intention to: (1) continue to provide the financial resources necessary to support the LLP in meeting its liabilities as and when they fall due for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2021; and (2) not to require settlement of outstanding intercompany balances to the extent that money is not, at the relevant settlement date, otherwise available to the company to meet such liabilities for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2021. As with any company placing reliance on other group entities for financial support, the members acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so and they have reviewed the consolidated group cash flow forecasts for the entity providing the letter of support extending 12 months from signing date and have concluded there are adequate resources to support the company as a going concern as well as all other subsidiaries to whom support is being provided for this period.

##### 1.3 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with IAS 32. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within 'other operating income' in the income statement.

Depreciation is charged to the income statement to write off the cost less the estimated residual value on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Historically the residual value for freehold buildings has been zero but in 2020 this was revised to be the indexed base cost of the property. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the LLP will obtain ownership by the end of the lease term. The estimated useful lives are as follows:

IFRS 16 - ROU assets - land and buildings	Over remaining life of the lease
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#### 1.5 Impairment of non-current assets

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Assets are assessed for impairment at every balance sheet date.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.7 Financial assets

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

##### *Initial measurement of financial assets*

Under IFRS 9 financial assets are initially classified and measured at fair value, with any changes in fair value going through the profit or loss as they arise (FVTPL), unless criteria are met that allows the instrument to be classified and measured at either amortised costs or fair value through other comprehensive income (FVOCI). Financial assets not classified as FVTPL are initially measured at fair value plus transaction costs.

Financial assets are classified and measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are classified and measured at FVOCI if they are held in a business model whose objectives are achieved by collection contractual cash flows and selling financial assets.

##### *Financial assets held at amortised cost*

The business model under which the trade receivables are held is to collect contractual cash flows that are solely payments of principle and interest. Therefore trade receivables are measured at amortised cost.

##### *Impairment of financial assets*

Financial assets, other than those measured FVTPL, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

When a trade receivable is considered unrecoverable it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision. Changes in the carrying amount of the provisions are recognised in the profit and loss.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

The LLP recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- On initial recognition it is part of a portfolio of identified financial instruments that the company manages together and had recent actual pattern of short-term profit taking, or
- It is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.8 Equity instruments

Equity instruments issued by the limited liability partnership are recorded at the proceeds received, net of direct issues cost. Distributions payable on equity instruments are recognised as liabilities once they are no longer at the discretions of the limited liability partnership.

# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.9 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets (less than £10,000) including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.10 New standards

There are no new accounting standards or amendments to existing accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the company's financial statements.

## CYGNET (DM) LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2 Critical accounting estimates and judgements

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no significant estimates or judgements which Management consider to have a material impact on the financial statements.

#### 3 Operating profit

	2021	2020
	£'000	£'000
Operating profit for the year is stated after charging:		
Depreciation of owned property, plant and equipment	28	113

#### 4 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2021	2020
	Number	Number
Non-Clinical	8	18

All costs for the period relating to wages and salaries were paid by Cygnet Health Care Limited as although the employees all have contracts with Cygnet (DM) LLP they were solely working for Cygnet Health Care Limited. Thus no wage and salary costs were incurred by Cygnet (DM) LLP.

The members did not receive emoluments for their services directly from this company which are deemed to be of negligible value. However, the UK group directors received remuneration for services to Cygnet Health Care Limited of which Cygnet (DM) LLP is a fellow subsidiary undertaking.

#### 5 Information in relation to members

	2021	2020
	Number	Number
Average number of members during the year	3	3

# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Finance costs

	2021 £'000	2020 £'000
<b>Other finance costs:</b>		
Interest on lease liabilities	-	2
	<u>          </u>	<u>          </u>

### 7 Property, plant and equipment

	IFRS 16 - ROU assets - land and buildings £'000
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	254
	<u>          </u>
<b>Accumulated depreciation</b>	
At 1 January 2021	226
Depreciation charged in the year	28
	<u>          </u>
At 31 December 2021	254
	<u>          </u>
<b>Carrying amount</b>	
At 31 December 2021	-
	<u>          </u>
At 31 December 2020	28
	<u>          </u>

### 8 Trade and other receivables

	2021 £'000	2020 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	5,622	5,582
Other receivables	2	-
	<u>          </u>	<u>          </u>
	5,624	5,582
	<u>          </u>	<u>          </u>

The members have considered the method of recovery of amounts owed by group undertakings and on the basis that they are repayable on demand, interest free and a parent of the group has confirmed it would support their repayment, have concluded that no expected credit loss provision is required.

# CYGNET (DM) LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Trade and other payables

	2021 £'000	2020 £'000
Amounts owed to group undertakings	5,644	5,650

The amounts owed to group companies are legally repayable on demand (and hence are disclosed as current liabilities), however, it is not expected that a demand for these amounts will be made within the next year. These amounts do not attract interest.

All trade and other payables are unsecured and given they are short term in nature, the carrying value approximates their fair value.

### 10 Lease liabilities - IFRS 16

	2021 £'000	2020 £'000
<b>Maturity analysis</b>		
Within one year	-	29
In two to five years	-	-
In over five years	-	-
<b>Total undiscounted liabilities</b>	-	29
effect of discounting	-	-
<b>Total discounted liabilities</b>	-	29

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £'000	2020 £'000
Current liabilities	-	29
Non-current liabilities	-	-
	-	29
<b>Amounts recognised in profit or loss include the following:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Interest on lease liabilities	-	2

## **CYGNET (DM) LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **11 Related party transactions**

The ultimate controlling party of the LLP is Universal Health Services Inc., the immediate parent company is Cygnet Health Care Limited and the UK ultimate parent of the LLP is UK Acquisitions No.6 Limited. The registered office of the ultimate controlling party is 367 South Gulph Road, King of Prussia, PA 19406.

##### *Identity of related parties*

The LLP has a related party relationship with its parent undertaking, the parent's subsidiaries, its own subsidiaries and with its Members.

The LLP has applied the exemption under FRS 101 in respect of transactions with wholly owned subsidiaries.

##### *Other related party transactions*

There were no other related party transactions during the current or preceding period.

#### **12 Ultimate controlling party**

The largest group in which the results of the LLP are consolidated is that headed by Universal Health Services Inc., a company incorporated in the US. The smallest in which they are consolidated is headed by Cygnet Health UK Limited. The consolidated financial statements of these groups are available to the public. Universal Health Services Inc. financial statements may be obtained from <http://www.uhsinc.com/> and Cygnet Health UK Limited financial statements may be obtained from: Nepicar House, London Road, Wrotham Heath, Sevenoaks, Kent, TN15 7RS.