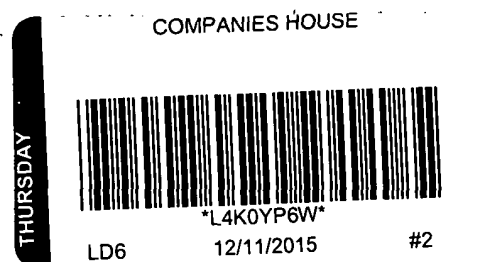


ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015
FOR
HSL (FM) LLP



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015**

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**MANAGEMENT BOARD AND ADVISERS
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015**

MEMBERS: Health Services Laboratories LLP
HSL (Nominee) Limited

REGISTERED OFFICE: 60 Whitfield Street
London
W1T 4EU

REGISTERED NUMBER: OC391023

INDEPENDENT AUDITORS: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Herts
AL1 3JX

BANKERS: The Royal Bank of Scotland
Level 8
280 Bishopsgate
London
EC2M 4RB

**MEMBERS' REPORT
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015**

The members present their report and audited financial statements of the LLP for the 15 month period ending 30 June 2015. The partnership was incorporated on 10 February 2014, under the name of HSL (FM) LLP. The partnership commenced trading on 1 April 2015.

PRINCIPAL ACTIVITY

The principal activity of the partnership is the provision of managed pathology laboratory facilities. The LLP provides managed laboratory facilities for use by pathology departments and clinical organisations including NHS trusts. By agreement customers may direct their own or third party analytical workforces to operate in our facilities.

REVIEW OF BUSINESS

The results for the period show a profit for the 15 month period before Members' remuneration and profit share of £2,906,000 and sales of £13,814,000. The LLP's income statement is set out on page 7. The LLP provides laboratory facilities to a number of (National Health Service) NHS Trusts.

FUTURE OUTLOOK

We aim to provide state of the art pathology laboratory facilities, which deliver substantial efficiencies through economies of scale, leading edge technology, infrastructure and IT.

We believe that we are able to do this most effectively as a partnership organisation within the NHS. We expect to see increasing numbers of NHS Trusts and Commissioners requiring investment in efficient pathology services and we are well placed to meet this need. Our high service levels and the continued application of leading edge technologies are important to our existing customer base and, we believe, will be a factor in delivering new customer contracts.

The NHS has identified the pathology sector as a possible source of efficiencies in the coming years and we welcome this initiative because of our parent organisations' long experience in supporting and transforming public sector laboratory services.

PRINCIPAL RISKS AND UNCERTAINTIES

Pathology is a fast changing discipline; molecular technologies and emerging diagnostic platforms make it more important than ever to ensure that our facilities provide users with access to these new platforms. We work closely with our suppliers and partners to achieve this. The LLP is investing over £30m in our laboratory facilities in the next 2 years to meet this challenge.

As a provider of laboratory facilities to clinical organisations we are always subject to reputational risk. The organisation invests heavily in quality; both systems and personnel, and we work closely with all the relevant regulatory authorities to minimise our risk exposure in this key area.

FINANCIAL RISK MANAGEMENT

The LLP's operations expose it to a variety of financial risks which include credit risk. Given the size of the LLP, responsibility for monitoring financial risk management lies with the Management Board. The LLP has policies that require appropriate credit checks for potential customers dependent on the size and type of customer account.

DESIGNATED MEMBERS

The designated members of the Limited Liability Partnership ("LLP") who were in office during the period and up to the date of signing the financial statements were:

Health Services Laboratories LLP
HSL (Nominee) Limited

**MEMBERS' REPORT (continued)
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015**

MEMBERS' PROFIT SHARE

Members' capital contributions are determined by the Management Board having regard, inter alia, to the working capital needs of the business.

In the event of winding up all creditors will be settled and if any surplus remains and this relates to undivided profits of the LLP in that financial year this will be divided amongst the Members. Any remaining balance will be paid to the Members in proportion to their Capital Interests.

Other Members Interests consists of fixed assets that were contributed by each of the members to HSL (FM) LLP on 1 April 2015. Depreciation for these assets is offset against Other Members Interests and does not form part of Members Capital.

STATEMENT OF MEMBERS' RESPONSIBILITIES

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, Reduced disclosure framework (FRS 101). Under company law as applied to limited liability 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the LLPs shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

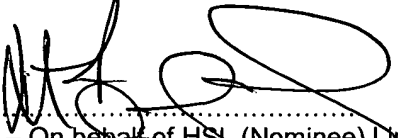
The members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the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

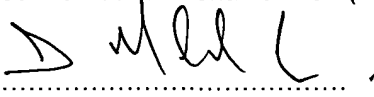
MEMBERS' REPORT (continued)
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

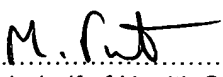
Disclosure of information to auditors

The designated members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors are unaware; and each designated member has taken all the steps that they ought to have taken as a designated member to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

APPROVED BY THE MEMBERS AND SIGNED ON THEIR BEHALF ON 26 OCTOBER 2015:


.....
D Byrne – On behalf of HSL (Nominee) Limited
Designated Member on behalf of HSL (FM) LLP


.....
M Dinan – On behalf of Health Services Laboratories LLP
Designated Member on behalf of HSL (FM) LLP


.....
M Foster – On behalf of Health Services Laboratories LLP
Designated Member on behalf of HSL (FM) LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSL (FM) LLP

Report on the financial statements**Our opinion**

In our opinion, HSL (FM) LLP's financial statements ("the financial statements")

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 June 2015 and of its profit for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

What we have audited

The financial statements comprise:

- the Statement of financial position as at 30 June 2015;
- the Income statement and Statement of comprehensive income for the period then ended;
- Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit**Our responsibilities and those of the members**

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on auditing ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, 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 this opinion, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSL (FM) LLP - (continued)

What an audit of financial statements involves

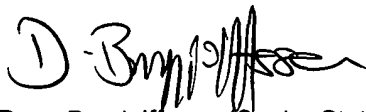
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the designated members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Dasa Brynjolfssen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
26 October 2015

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015**

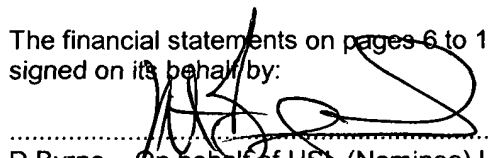
	Note	2015 £'000
REVENUE	4	13,814
Cost of sales		(7,722)
GROSS PROFIT		6,092
Administrative expenses		(3,186)
OPERATING PROFIT and PROFIT FOR THE FINANCIAL PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	6	2,906
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS	12	2,906

The notes form part of these financial statements

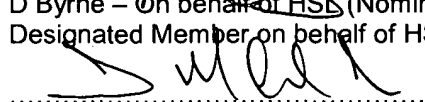
STATEMENT OF FINANCIAL POSITION
As at 30 JUNE 2015

	Note	£'000	2015 £'000
FIXED ASSETS			
Property, Plant & Equipment	8		8,385
CURRENT ASSETS			
Inventory	9	2,574	
Trade debtors and other receivables	10	5,189	
Cash and cash equivalents		4,649	
		<u>12,412</u>	
CREDITORS			
Amounts falling due within one year	11	(14,701)	
		<u>(14,701)</u>	
NET CURRENT LIABILITIES			(2,289)
NET ASSETS ATTRIBUTABLE TO MEMBERS OF THE LLP			<u>6,096</u>
REPRESENTED BY:			
Members' capital			3,240
Other Members interests			2,856
TOTAL MEMBERS' INTERESTS	12		<u>6,096</u>

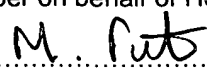
The financial statements on pages 6 to 18 were approved by the members on 26 October 2015 and were signed on its behalf by:



 D Byrne – On behalf of HSL (Nominee) Limited
 Designated Member on behalf of HSL (FM) LLP



 M Dinan - On behalf of Health Services Laboratories LLP
 Designated Member on behalf of HSL (FM) LLP



 M Foster - On behalf of Health Services Laboratories LLP
 Designated Member on behalf of HSL (FM) LLP

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015**

		Members capital	Other Members interests	Total
	Note	£'000	£'000	£'000
Balance at 1 April 2014		-	-	-
Members capital contributions			3,190	3,190
Total comprehensive income for the 15 month period		2,906	-	2,906
Depreciation on assets acquired as part of the business combination (note 15)		334	(334)	-
Balance as at 30 June 2015	12	3,240	2,856	6,096

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

1 GENERAL INFORMATION

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006 as applied to Limited Liability Partnerships and applicable accounting standards in the United Kingdom including the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The financial statements have been prepared under the historical cost conversion. These are the first set of financial statements that has been prepared in accordance with FRS 101.

Dormant financial statements were prepared for the period ended 31 March 2014. There were no trading or transactions for this period and as a result no comparative information is presented in these financial statements. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

The LLP's date of transition to FRS 101 is 1 April 2014. No adjustments were required upon transition to FRS101. The LLP has notified its shareholders in writing about, and they do not object to use the disclosure exemptions used by the LLP in these financial statements. FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. As this is the LLPs first year of trading there is no impact on the financial statements relating to any of these amendments.

The preparation of the financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the LLPs accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (i) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - a) paragraph 79(a)(iv) of IAS 1
 - b) paragraph 73(e) of IAS 16 Property, Plant & Equipment
 - c) paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and end of the period)
- (ii) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - a) 10(d), (statement of cash flow),
 - b) 10(f), (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassified items in its financial statements),
 - c) 16 (statement of compliance with IFRS),
 - d) 38B-D (additional comparative information),
- (iii) IAS 7, 'Statement of cash flow'
- (iv) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- (v) Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- (vi) IFRS 7 'Financial Instruments: Disclosures'
- (vii) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

The board has approved the adoption of this accounting basis and the policies detailed below.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Revenue**

Revenue is measured at fair value of the consideration received or receivable, and represents amounts receivable for services supplied, net of discounts, returns and value added taxes.

Revenue is recognised when the revenue can be reliably measured; when it is probable that future economic benefits will flow to the LLP and when specific criteria have been met. The LLP deliver pathology facility services and revenue is recognised when the testing is complete.

Property, Plant & Equipment

Property, plant & equipment are stated at historic purchase cost less accumulated depreciation. The cost of property, plant & equipment is their purchase cost, together with any incidental expenses of acquisition. Assets in the course of construction are classified as work-in-progress and are depreciated from the date the asset is brought into use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life taking into consideration any residual value of the assets. The residual values of assets are reviewed, and adjusted, as appropriate at the end of each reporting period.

Leasehold improvements	- 50% per annum
Fixtures, fittings and equipment	- 20-50% per annum
IT Equipment	- 20-50% per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the Income statement.

Inventory

Inventory is valued at the lower of cost. Cost is based on the cost of purchase on a first in, first out basis. Provision has been made, where necessary, for slow moving, obsolete and defective stocks.

Pension costs

Contributions to the LLP's defined contribution pension schemes are charged to the Income statement in the period in which they become payable.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Income tax

The income tax payable on the profits of HSL (FM) LLP is the liability of the Members and not dealt with in these financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short term overnight deposits.

Financial Instruments

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 and other debtors. Financial liabilities include creditors and amounts owed to group undertakings. The LLP has no financial assets or liabilities measured at fair value through the Income statement.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**Trade debtors and amounts owed by group undertakings and related parties**

Trade debtors are amounts due from customers for delivering of a service in the normal course of business. Amounts owed by group undertakings are balances with related parties which arise in the normal course of business. If collection is expected within one year trade, or if amounts can be called on demand, receivables are classified as current. Receivables are initially measured at cost (which is equal to fair value on day one) and are subsequently measured at amortised cost, including any provision for impairment.

Trade creditors and amounts owed to group undertakings and related parties

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts owed to group undertakings are balances which arise in the normal course of business. Creditors are classified as current liabilities if payments are due within one year or less or amounts are repayable on demand. If not, they are presented as non-current liabilities. Creditors are recognised at fair value on initial recognition and are subsequently measured at amortised cost.

Business combinations

The LLP applied the acquisition method to account for business combinations. The consideration transferred is the value of assets transferred, liabilities incurred and equity interest issued. Assets and liabilities acquired as part of a business combination under common control are recognised for at book value. Assets and liabilities acquired as part of any other business combination are recognised at fair value under IFRS 3. The difference between consideration transferred and the value of assets and liabilities acquired is recognised as goodwill.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge is sensitive to changes in the economic useful lives and residual values of the assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on the physical condition and economic useful utilisation. See note 8 for the carrying value of the property, plant and equipment and note 2 for the economic useful lives.

(b) Fair value of assets acquired in business combination

The tangible assets acquired as part of the business combination, as set out in note 15, were recognised at fair value. Due to the nature of the assets acquired the fair value was estimated to be the book value of acquired assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

4. REVENUE

The revenue is attributable to the principal activity of the LLP and derived in the United Kingdom. An analysis of revenue by class of business is given below:

	2015 £'000
Facilities services	<u>13,814</u>

5. STAFF COSTS

	2015 £'000
Wages and salaries	347
Social security costs	14
Other pension costs (note 14)	9
	<u>370</u>

The average monthly number of employees during the period were as follows:

	2015
Laboratory	7
Administration	5
	<u>12</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £'000
Depreciation – owned assets	475
Operating leases	513
Auditors' remuneration - audit	18
Auditors' remuneration – other	<u>11</u>

The other services provided to the LLP are in respect of the opening inventory count by the members on 1 April 2015.

7. MEMBERS' PROFIT SHARES

Members are remunerated solely out of the profits of the LLP. Final allocation of profits to members is made by the Management Board as per the Limited Liability Partnership Agreement dated 30 July 2014. The allocation of profits to those who were members during the financial period is discretionary and needs to be approved by the Management Board within 2 months after year-end.

	2015 No
The average monthly number of members during the period was:	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

7. MEMBERS' PROFIT SHARES - continued

The Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", requires that the average profit per member is calculated by dividing the profit for the financial period before members' remuneration and profit shares by the average number of members:

	2015
	£'000
Average profit per member	<u>1,453</u>

The member with the largest members remuneration and profit share for the current 15 month period was Health Services Laboratories LLP with a share of £2,905,000.

8. PROPERTY, PLANT & EQUIPMENT

	Leasehold improve- ments	Fixtures, fittings and equipment	IT Equip- ment	Work in progress	Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 April 2014	-	-	-	-	-
Additions	1,625	4,127	231	2,877	8,860
At 30 June 2015	1,625	4,127	231	2,877	8,860
ACCUMULATED DEPRECIATION					
At 1 April 2014	-	-	-	-	-
Charge for period	203	245	27	-	475
At 30 June 2015	1,422	3,882	204	2,877	8,385
NET BOOK VALUE					
At 30 June 2015	1,422	3,882	204	2,877	8,385

There are no restrictions on the title of property, plant and equipment and no assets are pledged as security for liabilities.

9. INVENTORY

	2015
	£'000
Consumables	<u>2,574</u>

Inventories represent materials consumed in pathology testing process and forms part of the service HSL (FM) LLP delivers to its customers.

The Members estimate the carrying value of inventories to approximate their fair value and no inventory has been pledged as security.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

10. TRADE DEBTORS AND OTHER RECEIVABLES

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015
	£'000
Trade debtors	557
Amounts owed by group undertakings	1,615
Other debtors	1,085
Prepayments and accrued income	1,932
	5,189

Trade receivables are stated after provisions for impairment of £nil. All trade debtors are considered to be current and payable within 30 days of the reporting date.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015
	£'000
Trade creditors	6,332
Amounts owed to group undertakings	5,931
Other creditors including social security and taxation	706
Accruals and deferred income	1,732
	14,701

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12. TOTAL MEMBERS' INTEREST

	Other Members' interests £'000	Members' capital £'000
Members' interest at the beginning of the period	3,190	-
Allocation of profit	-	2,906
Depreciation on assets contributed by members	(334)	334
Members' interest after profit for the period	2,856	3,240
Amounts withdrawn by members	-	-
Members' interests at end of the period	2,856	3,240

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

12. TOTAL MEMBERS' INTEREST - continued

The basis on which profits are allocated is described in note 7.

Members' capital contributions are determined by the Management Board having regard, inter alia, to the working capital needs of the business.

In the event of winding up all creditors will be settled and if any surplus remains and this relates to undivided profits of the LLP in that financial year this will be divided amongst the Members. Any remaining balance will be paid to the Members in proportion to their Capital Interests.

Other Members Interests consists of fixed assets that were contributed by each of the members to HSL (FM) LLP on 1 April 2015. Depreciation for these take on assets is offset against Other Members Interests and does not form part of Members Capital.

13. RELATED PARTIES

The related parties transactions for the year is set out below:

	Trade debtors and other receivables	Creditors	Revenue	Cost of sales and Administrative expenses
	£'000	£'000	£'000	£'000
The Doctors Laboratory Limited	1,615		4,842	4,216
Health Services Laboratories LLP	-	5,704	-	1,216
Royal Free London NHS Foundation Trust	52	1,243	4,010	1,141
Whitfield Street Properties Limited	-	212	-	176
Whitfield Street Laboratories Limited	-	15	-	13
University College London Hospitals NHS Foundation Trust	504	-	3,543	423
	2,171	7,174	12,395	7,185

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

14. PENSIONS

The LLP operates a number of defined contribution schemes for its employees. The total cost for the period was £9,000 and the amount outstanding as at 30 June 2015 was £9,000.

15. BUSINESS COMBINATIONS

On 1 April 2015 HSL (FM) LLP acquired laboratory assets in the form of inventory and property, plant & equipment from its three members in order to deliver pathology testing facility services. Each of these transactions meets the definition of a business combination under IFRS 3.

HSL (FM) LLP now owns a 100% interest in the assets acquired.

The acquirer is HSL (FM) LLP and there are no non-controlling interests.

The aggregate net assets acquired and consideration paid is summarised below:

	2015
	£'000
Property, plant & equipment	3,190
Inventory	2,693
	<hr/>
Fair value of assets acquired	5,883
Cash consideration paid/payable	(2,693)
Other Members Interests (assets donated by members)	(3,190)
	<hr/>
	(5,883)
	<hr/>

The property, plant & equipment was obtained for £nil consideration and these assets were fair valued by HSL (FM) LLP and were recognised at £3,190,000. These assets forms part of Other Members Interests and the annual depreciation of these assets will be discounted against Other Members Interest until this is £nil.

The assets fair value will be reassessed during the next financial year ending 30 June 2016 and any changes in the fair value will be recognised as an adjustment to the initial recognition as allowed under FRS101.

The inventory was bought for cash at a fair value for a consideration of £2,693,000.

No goodwill, contingent consideration or other intangible assets were identified as part of the transaction. No working capital balances, other than the inventory mentioned above, were transferred and no contingent liabilities were acquired.

All revenue and profits for the current financial period relates to activities in the laboratories acquired through these business combinations.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE 15 MONTH PERIOD ENDING 30 JUNE 2015

16. COMMITMENTS

At 30 June 2015 the LLP had capital commitments of £nil and other commitments of £494,000 for non-cancellable maintenance contracts for equipment.

The following operating lease commitments under non-cancellable leases are:

	2015
	£'000
Expiring:	
Within one year	1,963
Between one and five years	3,436
	<hr/>
	5,399

On 21 July 2014, HSL (FM) LLP signed an agreement to lease one Mabeldon Place from The Doctors Laboratory Limited subject to certain conditions being met. As at 30 June 2015 the sublease has not yet completed. Should this lease complete, it will give rise to annual lease commitment of £1,990,000.

17. CONTROLLING PARTIES

At 30 June 2015, the LLP's intermediate parent is The Doctors Laboratory Limited and the ultimate parent company and ultimate controlling party, and the parent company of both the largest and smallest group, preparing consolidated financial statements, of which the LLP is a member, was Sonic Healthcare Limited, a company incorporated in Australia.

Copies of the consolidated financial statements of Sonic Healthcare Limited are available from 14 Giffnock Avenue, Macquarie Park, New South Wales 2113, Australia.