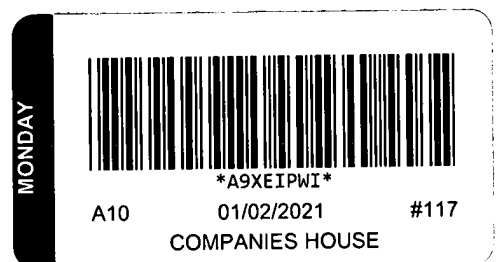


Registered Number: OC397788

SPS FACILITIES LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



SPS FACILITIES LLP

PARTNERSHIP INFORMATION

DESIGNATED MEMBERS	IPP Facilities Limited Somerset NHS Foundation Trust Yeovil District Hospital NHS Foundation Trust
REGISTERED NUMBER	OC397788
REGISTERED OFFICE	2 Portman Street London W1H 6DU United Kingdom
INDEPENDENT AUDITORS	Deloitte LLP Statutory Auditor United Kingdom

SPS FACILITIES LLP

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SPS FACILITIES LLP
MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The members present their annual report and the audited financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the Partnership comprise the provision of facilities for pathology services.

REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The Partnership provides services through long term contracts and strategic partnerships with the National Health Service and other providers of healthcare services. The performance of the Partnership was in line with the expectations of the members for the financial year to 31 March 2020.

The designated members consider that the principal key performance indicators relating to the Partnership are revenue and an operating profit included in these financial statements. During the year the Partnership had revenue of £8,295,729 (2019: £7,999,243) and an operating profit of £108,982 (2019: £298,214).

The following table shows certain line items from the Statement of Comprehensive Income for the year ended 31 March 2020 and for the year ended 31 March 2019. Revenue increased by 3.7% which is predominantly due to the tariff increase of 2.6% and although test volumes reduced by 0.5% the Partnership entered in to a couple of new contracts which increased revenue by 1.9%.

Due to the countrywide lockdown the Partnership did experience a sharp reduction in test volumes in the final two weeks of the financial year. Before the lockdown the Partnership was reporting year on year increase in volumes of 1.7%. The Partnership quickly recovered to c.90% of like for like volumes following the end of the first lockdown period.

During the year the Partnership has entered into a couple of smaller new contracts, which have a significantly lower margin than other tests. This has contributed to gross margin reducing from 7.4% in the prior year to 5.2% this year.

Underlying administrative expenses are broadly in line with prior year. The Company is reporting an increase of 10.2% which is due to the Partnership benefiting from a reversal of an unwarranted accrual in the prior year.

	2020	2019
	£'000	£'000
Taunton and Somerset NHS Foundation Trust	6,236	6,160
Yeovil District Hospital NHS Foundation Trust	1,905	1,806
Other	<u>155</u>	<u>34</u>
Total revenue	8,296	7,999
Cost of sales	<u>(7,862)</u>	<u>(7,406)</u>
Gross profit	434	593
Administrative expenses	<u>(325)</u>	<u>(295)</u>
Operating profit	<u><u>109</u></u>	<u><u>298</u></u>
	No.	No.
Test volumes	<u><u>7.57</u></u>	<u><u>7.61</u></u>

SPS FACILITIES LLP
MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

FUTURE DEVELOPMENTS

The ongoing crisis with Covid-19 is creating significant uncertainty for the Partnership and, as might be expected, is having an impact on its operations. The Partnership's business model and the criticality of the services provided means that the Partnership is somewhat protected from the issues faced by many businesses in other sectors. As at the date of signing these financial statements, the laboratories remain open and operational with analytical volumes averaging 90% of pre Covid-19 levels.

As the crisis continues, the demand for pathology analytics is expected to remain strong although given the uncertainty about the future evolution of the crisis, it remains a risk that is being actively monitored.

GOING CONCERN

The Members have considered future trading and cash flow projections of the Partnership which include any downside effect of the Covid 19 pandemic and have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Refer to note 2(a).

Covid-19

The global crisis of the Covid-19 pandemic has created significant uncertainty and risk for all organisations. As at the date the financial statements were approved, the Partnership's laboratories remain open and operational. Nonetheless, the key factors that the partnership is at risk of are:

- decreasing volumes of human pathology and human toxicology testing;
- shortage of laboratory employees; and
- uncertainty in relation to the impact on the timeliness of cash collection.

Economic risk

Following the referendum held on 23 June 2016 and the UK's decision to leave the EU there are risks and uncertainties to the Partnership. The Partnership's key business partner is the National Health Service, which is funded by central government and therefore sales demand is expected to be largely unaffected by the decision to leave the EU. Any potential weakening in the value of pounds sterling is expected to have minimal impact on the Partnership. This is due to the Partnership transacting a very low volume of purchases in foreign currencies.

DESIGNATED MEMBERS

IPP Facilities Limited, Taunton and Somerset NHS Foundation Trust, and Yeovil District Hospital NHS Foundation Trust were designated members of the Partnership throughout the year. On 1 April 2020 Somerset NHS Foundation Trust replaced Taunton and Somerset NHS Foundation Trust as a member.

MEMBERS' CAPITAL AND INTERESTS

The level and timing of drawings is decided by the Partnership's Members Board after taking into account the Partnership's cash requirements for operating and investment activities. Undistributed profits are shown in 'other reserves' in the statement of changes in members' interests on page 9.

SUBSEQUENT EVENTS

The ongoing crisis with Covid-19 is creating significant uncertainty although little impact is envisaged for the Partnership. Subsequent events note (note 12) refers.

SPS FACILITIES LLP
MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

- as far as the member is aware, there is no relevant audit information of which the Partnership's auditor is unaware;
- the member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

AUDITOR

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Somerset NHS Foundation Trust
Designated Member

Date: 18 December 2020

SPS FACILITIES LLP

**MEMBERS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the Partnership's profit or loss for that year. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that 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 applicable to limited liability partnerships.

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.

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

SPS FACILITIES LLP
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Independent auditor's report to the members of SPS Facilities LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SPS Facilities LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- 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 statement of comprehensive income;
- the statement of financial position;
- the statement of changes in members' interests; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

SPS FACILITIES LLP

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

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 limited liability partnership'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 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the 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 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.

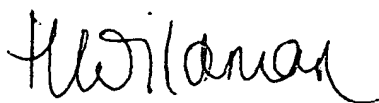
We have nothing to report in respect of these matters.

SPS FACILITIES LLP

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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.



.....
Signature

Helen Wildman ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London (UK)

Date: 21 December 2020

SPS FACILITIES LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £'000	2019 £'000
Revenue	4	8,296	7,999
Cost of sales		<u>(7,862)</u>	<u>(7,406)</u>
Gross profit		434	593
Administrative expenses		<u>(325)</u>	<u>(295)</u>
Operating profit and profit for the year		109	298
Other comprehensive income for the year net of tax		<u>-</u>	<u>-</u>
Profit for the year available for discretionary division among members		<u><u>109</u></u>	<u><u>298</u></u>

Revenue and operating profit are all derived from continuing operations.

The notes on pages 11 to 14 form part of these financial statements.

SPS FACILITIES LLP

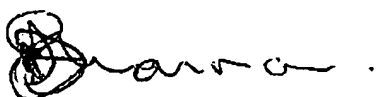
REGISTERED NUMBER: OC397788
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Current assets			
Debtors: amounts due within one year	8	288	200
Cash at bank and in hand	9	43	158
		<u>331</u>	<u>358</u>
Current liabilities			
Creditors: amounts due within one year	10	(378)	(194)
Net current (liabilities) / assets		(47)	164
Total assets less current liabilities		<u>(47)</u>	<u>164</u>
Net (liabilities) / assets		<u>(47)</u>	<u>164</u>
Represented by:			
Members' other interests			
Other reserves		<u>(47)</u>	<u>164</u>

The notes on pages 11 to 14 form part of these financial statements.

The financial statements have been prepared under the small companies regime as applicable to small LLP's.

The financial statements of SPS Facilities LLP (registered number: OC397788) were approved by the members and authorised for issue. They were signed on its behalf by:



Taunton and Somerset NHS Foundation Trust
Designated Member

Date: 18 December 2020

SPS FACILITIES LLP

STATEMENT OF CHANGES IN MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 MARCH 2020

	Other Reserves £ '000
Members' interests at 1 April 2018	66
Profit for the year available for discretionary division among members	298
Drawings	(200)
Members' interests at 31 March 2019	<u>164</u>
Profit for the year available for discretionary division among members	109
Drawings	(320)
Members' interests / (deficit) at 31 March 2020	<u><u>(47)</u></u>

The notes on pages 11 to 14 form part of these financial statements.

SPS FACILITIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. GENERAL INFORMATION

SPS Facilities LLP (the Partnership) was incorporated in the United Kingdom and is registered in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is given on the Partnership information page. The nature of the Partnership's operations and its principal activities are set out in the members' report.

The financial statements have been prepared under the historical cost convention, and in accordance with Section 1A of the Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships as applicable to small LLPs (issued December 2018).

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Partnership operates.

The Partnership meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement and remuneration of key management personnel. The disclosure exemption has been taken on the basis that the intermediate controlling party, Synlab Bondco Plc, is an entity that prepares consolidated financial statements that are publicly available from Companies House, Crown Way, Maundy, Cardiff CF14 3UZ.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied.

(a) Going concern

The financial performance of the Partnership since the year end, through the ongoing Covid-19 pandemic together with its financial position as at the date of these financial statements, demonstrates the continuing demand for Pathology services with no indication that this demand will significantly reduce. Due to the structure of the contract with the Partnership's only customer, the Partnership could become loss making even with a small reduction in volumes. However, the Partnerships immediate and ultimate controlling party is the NHS, who are also the Partnership's only customer and when required the Partnership will receive financial support as part of a wider government initiative to protect its suppliers under a publicly communicated procurement policy note. The Partnerships only other member, IPP Facilities Limited, who are also the Partnership's only supplier has not experienced any business interruption and only a minor reduction in trading activity since the Covid-19 pandemic. However, due to the ongoing uncertainty caused by the pandemic, including any potential government restrictions or lockdowns, IPP Facilities Limited has received a letter of support from Synlab Bondco Plc, its intermediate controlling party. The letter is for IPP Facilities Limited latest financial statements and confirms sufficient support to enable the Company to meet its liabilities as they fall due for a period of not less than twelve months from the approval of those financial statements. These considerations along with the criticality of the services provided provides the members with comfort that the going concern basis continues to be appropriate.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

SPS FACILITIES LLP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

SIGNIFICANT ACCOUNTING POLICIES (continued):

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Partnership will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting year / period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

(c) Income tax

The taxation payable on the Partnership's profits is the personal liability of the members, although payment of such liabilities is administered by the Partnership on behalf of the members. Consequently, neither Partnership taxation nor related deferred taxation are accounted for in the financial statements.

(d) Debtors

Short term debtors are measured at transaction price, less any impairment.

(e) Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

(f) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are measured at transaction price.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Partnership's accounting policies, which are described in note 2, the members are required to make judgements, estimates and assumptions about the carrying amounts 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The Partnership does not have any critical accounting estimates or judgements.

4. REVENUE

The whole of the revenue is attributable to the provision of pathology services within the United Kingdom.

	2020 £'000	2019 £'000
Taunton and Somerset NHS Foundation Trust	6,236	6,159
Yeovil District Hospital NHS Foundation Trust	1,905	1,806
Other	155	34
	<u>8,296</u>	<u>7,999</u>

SPS FACILITIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. AUDITOR'S REMUNERATION

	2020 £'000	2019 £'000
Fees payable for the audit of the Partnership's financial statements	<u>5</u>	<u>2</u>

There were no non-audit services provided by the auditor during the current or prior year.

6. MEMBERS

	2020	2019
The average number of members during the year	<u>3</u>	<u>3</u>

7. STAFF COSTS

There are no employees of the Partnership for both current and prior year.

8. DEBTORS

<i>Amounts falling due within one year</i>	2020 £'000	2019 £'000
Trade debtors	31	78
Taxation and social security	27	12
Amounts due from related party	69	-
Prepayments and accrued income	86	86
Other debtors	75	24
	<u>288</u>	<u>200</u>

9. CASH AT BANK AND IN HAND

	2020 £'000	2019 £'000
Cash at bank	<u>43</u>	<u>158</u>

10. CREDITORS

<i>Amounts falling due within one year</i>	2020 £'000	2019 £'000
Trade creditors	-	110
Amounts due to related party	274	-
Other creditors	10	22
Accruals and deferred income	94	62
	<u>378</u>	<u>194</u>

The Partnership intends to settle amounts due to external and unsecured creditors ahead of settling amounts due to related parties and the members.

SPS FACILITIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. RELATED PARTY TRANSACTIONS

Trading transactions

During the year, the Partnership entered in to the following trading transactions with related parties:

Sale of services under the companies standard trading terms of 30 days

	2020	2019
	£'000	£'000
Taunton and Somerset NHS Foundation Trust	6,236	6,161
Yeovil District Hospital NHS Foundation Trust	1,905	1,805
	<u>8,141</u>	<u>7,966</u>

Receipt of Services under standard trading terms of 30 days

	2020	2019
	£'000	£'000
Taunton and Somerset NHS Foundation Trust	158	167
Yeovil District Hospital NHS Foundation Trust	43	50
IPP Facilities Limited	7,955	7,504
	<u>8,156</u>	<u>7,721</u>

The following amounts were outstanding at the Statement of Financial Position date:

Amounts owed by

	2020	2019
	£'000	£'000
Taunton and Somerset NHS Foundation Trust	57	131
Yeovil District Hospital NHS Foundation Trust	12	21
IPP Facilities Limited	-	24
	<u>69</u>	<u>176</u>

Amounts owed to

	2020	2019
	£'000	£'000
Taunton and Somerset NHS Foundation Trust	200	67
Yeovil District Hospital NHS Foundation Trust	48	11
IPP Facilities Limited	27	112
	<u>274</u>	<u>190</u>

At the statement of financial position the Partnership is owned 51.4% by Taunton and Somerset NHS Foundation Trust, 33.3% by IPP Facilities Limited and 15.3% by Yeovil District Hospital NHS Foundation Trust.

12. SUBSEQUENT EVENTS

As set out within the Members' report, the ongoing crisis with Covid-19 has created uncertainty for the Partnership and has had little impact on all areas of operations.

The full impact of covid-19 is still unknown and continues to be a post balance sheet event which will possibly impact (in the future) the judgements and estimates made as at the balance sheet date of 31 March 2020.

13. CONTROLLING PARTY

The Partnership considers Somerset NHS Foundation Trust, registered in England and Wales and found at Trust management, Musgrove Park Hospital, Taunton TA1 5DA, as its ultimate controlling party. The Partnership's results are not consolidated into any Group Financial Statements.