

Companies House Registered Number. 06593374

## Pathology Services Ltd

Directors' report and financial statements  
for the year ended 31 March 2013



## **Directors' report for the year ended 31 March 2013**

The directors present their directors report, together with the financial statements and auditor's report, for the year ended 31 March 2013

### **Small companies provision**

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

### **Principal activities and business review**

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

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

On 20 September 2010, an agreement was signed extending membership of the GSTS Pathology to KCS Commercial Services Limited (a subsidiary of King's College Hospital NHS Foundation Trust). From 1 October 2010, the three designated members share joint control of GSTS Pathology.

In January 2012, a new agreement ("the new agreement") was made between the members of GSTS Pathology. The aim of this agreement is to provide stability and capitalise GSTS Pathology to the extent that it can invest in required reconfiguration to achieve sustainable profits.

The directors of Pathology Services Ltd have reviewed GSTS Pathology's latest business plan, which has a variety of scenarios under which both working capital amounts and loan principal is repaid to Guy's and St Thomas' NHS Foundation Trust. The directors of PSL are satisfied that their conservative repayment schedule is achievable given the ambition and deliverability of GSTS management's plans for the coming year.

The directors are confident that this will enable Pathology Services Ltd to meet its long term liabilities as they fall due. Sustainable profits within the GSTS Pathology business plan are expected to arise from a combination of growth of new business, efficiency measures within existing laboratories, and reconfiguration of laboratories. Much of the initial cash flow and planned margin in 2013/4 will come from continued delivery of efficiency and reconfiguration measures currently being delivered by GSTS Pathology management team. GSTS Pathology generated a small profit in 2012 and is on course to deliver further profits in its year ended December 2013.

In July 2013 the directors renegotiated the company's long term intercompany loan agreement with Guy's and St Thomas' NHS Foundation Trust. Repayments are scheduled over a four year period with the first payment now falling due in June 2016, with the final payment being March 2020. The loan terms of repayment as at 31 March 2013 had required that the first payment fell due in June 2014 with the final payment being in March 2018. In addition the intercompany loan has been extended by £50,000 to enable the company to meet its short term liabilities as they fall due.

After consideration of the above the directors have concluded that it is appropriate to adopt the going concern basis for accounting.

## **Directors' report for the year ended 31 March 2013**

### **Directors**

The directors who served throughout the year and to the date of signing this report were as follows

Jonathan Edgeworth

Jon Findlay

Ed Kessler, from 02 August 2012

Robert O'Leary, until 02 August 2012

### **Dividends**

The company did not propose or pay any dividends in the year (2011/12 nil)

### **Audit**

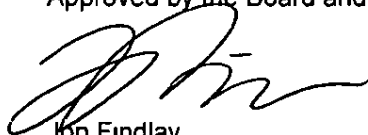
Each of the persons who is a director at the date of approval of this report confirms that

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

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

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

Approved by the Board and signed on its behalf by



Jon Findlay

Director

30 July 2013

Registered office

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

**Directors' Responsibilities Statement for the year ended 31 March 2013**

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

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

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

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

### **Independent auditor's report to the members of Pathology Services Ltd**

We have audited the financial statements of Pathology Services Ltd for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**Independent auditor's report to the members of Pathology Services Ltd (continued)**

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

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

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



Susan Barratt, BA ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, UK  
**30 July 2013**

**Profit & loss account for the year ended 31 March 2013**

	<b>Note</b>	<b>2012/13 £</b>	<b>2011/12 £</b>
Operating expenses		<b>(12,219)</b>	(18,129)
<b>Operating loss</b>		<b>(12,219)</b>	(18,129)
Interest payable and similar charges	3	<b>(36,910)</b>	(36,769)
<b>Loss on ordinary activities before taxation</b>	4	<b>(49,129)</b>	(54,898)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>		<b>(49,129)</b>	(54,898)

All results above derive from continuing activities

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

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

**Balance sheet****31 March 2013**

	<b>Note</b>	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>
<b>Debtors:</b> Amounts falling due within one year	7	350	-
<b>Current assets:</b> Cash at bank and in hand		10,291	23,955
<b>Creditors:</b> Amounts falling due within one year	8	(10,559)	(11,654)
<b>Net current assets</b>		<u>82</u>	<u>12,301</u>
<b>Creditors:</b> Amounts falling due after more than one year	8	(1,317,955)	(1,281,045)
<b>Net liabilities</b>		<u>(1,317,873)</u>	<u>(1,268,744)</u>
<b>Share capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account deficit	11	(1,317,874)	(1,268,745)
<b>Shareholders' deficit</b>		<u>(1,317,873)</u>	<u>(1,268,744)</u>

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

Approved by the Board and authorised for issue on 30 July 2013 They were signed on its behalf by



Jon Findlay  
Director  
30 July 2013

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



## Notes to the financial statements for the year ended 31 March 2013

### 1 Principal accounting policies

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

#### Basis of accounting

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

The directors have taken advantage of the exemption in FRSSE from including a cashflow statement in the Financial Statements.

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

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

#### Going Concern

The balance sheet at 31 March 2013 shows a net liabilities position. As at 31 March 2013 this included a long term payable, with the first payment of which was not due until June 2014. In July 2013 the loan has been renegotiated with the first payment falling due in June 2016 and the final payment due in 2020, and this repayment profile is reflected in the Balance Sheet.

The current position is net assets and the directors have undertaken a review to identify whether the company will be able to meet its current liabilities as they fall due. This review, which is discussed further in the Directors' report, concludes that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the preparation of the accounts.

#### Investments

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

#### Taxation

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

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

**Notes to the financial statements for the year ended 31 March 2013**

**2. Directors and employees**

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

The directors were remunerated by other group companies. The amounts allocated to this company were nil (2011/12 nil) as it was not practicable to disaggregate the value of their services. None of the directors (2011/12 None) received remuneration in respect of their services to the company.

<b>3. Interest payable and similar charges</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>£</b>	<b>£</b>
Interest on loan payable to group undertakings	<u>36,910</u>	<u>36,769</u>
<b>4. Loss on ordinary activities before taxation</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>£</b>	<b>£</b>
This is stated after charging		
Fees payable to the Company's auditor for the audit of the financial statements'	<b>2,880</b>	<b>2,880</b>
<b>5. Taxation on ordinary activities</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax at 20% (2011/12 20%)	-	-
Adjustments in respect of prior years		
- UK corporation tax	-	-
<b>Total current taxation</b>	<u>-</u>	<u>-</u>

The Company has not recognised a deferred tax asset relating to unused tax losses carried forward. The Directors expect that it will take some time for tax losses to be relieved. Given the recoverability of the deferred tax asset is relatively uncertain a deferred tax asset has not been recognised (2011/12 nil).

**Notes to the financial statements for the year ended 31 March 2013**
**6. Investments**

The company holds an interest in GSTS Pathology LLP which represents a 33 3% share in this partnership

	<b>Capital and reserves £</b>	<b>(Loss)/Profit for the year £</b>
<b>GSTS Pathology LLP</b>		
as at 31 March 2012*	(5,043,000)	(5,283,000)
as at 31 March 2013*	<b>(3,854,000)</b>	<b>1,169,914</b>

As noted elsewhere in these financial statements, the proportional results of GSTS Pathology LLP for the period to 31 March 2013 are included in the consolidated financial statements at group level

\*GSTS Pathology LLP results are unaudited

<b>7 Debtors</b>	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>
<b>Amounts falling due within one year.</b>		
Amounts due from group undertakings	350	-
	<b>350</b>	<b>-</b>

<b>8. Creditors</b>	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>
<b>Amounts falling due within one year:</b>		
Trade creditors	-	6,078
Amounts due to group undertakings*	6,119	5,576
Accruals and deferred income	4,440	-
	<b>10,559</b>	<b>11,654</b>

\*Amounts due to group undertakings are not secured and are not subject to interest charges

	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>
<b>Amounts falling due after more than one year:</b>		
Loan due to group undertakings		
<b>Between 1 - 5 years</b>	<b>658,977</b>	<b>960,784</b>
<b>More than 5 years</b>	<b>658,978</b>	<b>320,261</b>
	<b>1,317,955</b>	<b>1,281,045</b>

The loan terms of repayment as at 31 March 2013 had required that the first payment fell due in June 2014 with the final payment being in March 2018. In July 2013 the loan has been renegotiated with the first payment falling due in June 2016 and the final payment due in 2020. This repayment profile is reflected above. In July 2013 a loan variation was also agreed, increasing the value of the loan by £50,000. Interest is charged at LIBOR +2%.

**Notes to the financial statements for the year ended 31 March 2013**

**9. Related party transactions and controlling party**

The directors consider that the ultimate controlling party is Guy's and St Thomas' NHS Foundation Trust, which is also the parent of the largest and smallest group preparing consolidated accounts which include the company. As such, they have taken advantage of the exemption available to group companies under FRSSE 16.2 not to disclose related party transactions.

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

<b>10 Share capital</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£</b>	<b>£</b>
<b>Authorised share capital:</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>
 <b>11. Reserves</b>	 <b>Profit and loss account £</b>	
1 April 2012	(1,268,744)	
Loss for the financial year	(49,129)	
 <b>31 March 2013</b>	 <u><b>(1,317,873)</b></u>	