



Viapath Group LLP
Annual Report and Financial Statements
For the year ended 31 December 2018



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

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Designated Members and Advisers

Registration number: OC337242 Companies House

Registered office: VIAPATH GROUP LLP
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London
SE1 1NA

Designated Members: Pathology Services Limited (registered number 06593374)
Serco Limited (registered number 00242246)
KCH Commercial Services Limited (registered number 06023863)

Banker: HSBC Bank plc
2nd Floor, Space One
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London
W6 0EA

Auditor: Deloitte LLP
Hill House
1 Little New Street
EC4A 3TR

Summary Information

For the year to 31 December 2018

About us

Since its inception in 2009, Viapath has been a leading UK provider of pathology services to the NHS and private healthcare market. The partnership employs over 1,400 scientists and other employees and provides one of the widest pathology test repertoires in the UK. Viapath has world-renowned specialist laboratories at the leading edge of innovation supporting cancer care, genomics and transplant medicine. Each year the partnership undertakes 33 million tests and reinvests millions of pounds in growth, modernisation, training and development and innovation.

Viapath Group LLP Structure

Viapath Group LLP is the majority stake-holding partner of Viapath Analytics LLP and Viapath Services LLP. Minority partners of these subsidiary companies are Serco Ltd, KCH Commercial Services Ltd (KCS) and Pathology Services Ltd (PSL). Serco Ltd, KCS and PSL hold an equal share in Viapath Group LLP being one third each. Serco Ltd, KCS and PSL together make up the Members of the Viapath group of consolidated partnerships, 'The Viapath Group LLP'.

The consolidated financial statements of The Viapath Group LLP include the balances of Viapath Analytics LLP (VA) registration number OC392043 and Viapath Services LLP (VS) registration number OC392044. Viapath Group LLP has guaranteed the liabilities of VA and VS under Sections 479A and C of the Companies Act 2006 (as amended). As such VA and VS are exempted from the audit of VA and VS financial statements for the financial year 2018.

Chairman's Report

For the year to 31 December 2018

Following the progress made in 2017 and despite continuing market challenges, including significant pressures on our customers' budgets, Viapath continued to advance in 2018. Overall, activity was up by 5%, enabling the business to achieve its target of a double digit increase in EBITDA, up 31% at £7.1m. Net profit increased by 241% before bid costs (see below) and total debt was reduced by a further 27% whilst still maintaining a positive cash balance.

This progress was underpinned by a number of significant steps forward which also meant that we met all of our strategic objectives for the year:

- As our contract with Bedford Hospital comes to an end and we await decisions on the merger of the trust with Luton and Dunstable University Hospital, I'm pleased to report that Bedford has now extended its contract with Viapath into 2020. This extension allows for a phased transition of services from Viapath to the combined trusts so as to maintain service quality and protect patient care.
- Our direct-to-customer offering, Nutris, passed its proof of concept stage and is now operational with an expanded portfolio of tests on offer and with average hits on the website now reaching 2000 per week.
- We have been nominated as the preferred bidder for the South London NHSE Genomics Tender, which should mean a considerable expansion to our genetics service in due course.
- Together with King's Health Partners we established the Viapath Clinical and Scientific Control Board. This Board brings together the NHS, Viapath and academia to identify and prioritise early-stage ideas for new and improved services, supporting them through scientific translation into service and commercialisation. For example, the collaboration between Viapath scientists, the National Institute for Health Research Biomedical Research Centre at Guy's and St Thomas', and King's College London, has led to the introduction of the world's first genetic test using nanopore technology.

In parallel with these specific initiatives we continued to focus on improving our core operations. This included investing in our infrastructure, such as the new Blood Transfusion Laboratory Information Management System on the GSTT site, which is due to complete in the second half of 2019, and the implementation of our new Core HR system, which has improved our ability to deal with staff matters whilst also reducing costs. Similarly, we continued to bear down on operating costs, with a particular focus this year on the cost of bought-in goods and services. For example, the multi-year deal agreed with Roche for our core analytical platform will not only provide new equipment at our laboratories at Denmark Hill and at the Princess Royal Hospital, further enhancing our service for the benefit of the Trust's patients, but also significantly reduce our costs. Overall, the planned Cost Improvement Programme of £3.9m was exceeded by £1.8m at £5.7m. Importantly, all of this was achieved whilst continuing to focus on quality with a further 10 UKAS ISO15189 accreditations achieved enabling us to hit our target of 18 laboratory accreditations.

Viapath is a people business – from our employees in the laboratories and support services through to the patients we all serve. We continue to invest in our people and again in 2018 more than half of our staff participated in at least one training programme. This was reflected in our staff survey where the overall staff engagement score has now increased from 52% to 66%. In particular we saw significant shifts in the number of staff who were proud to say they work for Viapath and who would recommend the partnership as a good place to work.

Chairman's Report (continued)

A major development in 2018 was the decision of our core customers to commence the tender for pathology and laboratory services for the South East London Sustainability and Transformation Partnership. This new tender will succeed Viapath's current contracts which run to the end of September 2020. The new contracts are expected to last through to September 2035, with the option to extend to 2040. Participating in this tender has been a major focus for the second half of 2018 and will continue to be so for much of 2019. Winning this tender is, of course, central to Viapath's future although we will also continue to pursue other initiatives including the continued growth of our third-party referrals business and continuing to develop new and improved tests to broaden our offering and to respond to changing healthcare needs and scientific advances, all whilst continuing to look for opportunities to improve our current operations.

Dr David Bennett
Chairman

Strategic Report

For the year to 31 December 2018

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

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

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

Business review and future developments

Business Changes

Viapath's current contracts to provide pathology and laboratory services to Guy's and St Thomas' NHS Foundation Trust (GSTT) and King's College Hospital NHS Foundation Trust (KCH) run to September 2020. As a result the two trusts, as primary parties in the South East London Sustainability and Transformation Programme (SEL STP), initiated the tender process in August 2018 for the renewal of these services. The new tender is for a wider range of customers and for a longer period as the new contract will run for at least 15 years to September 2035 with a five year option to extend to September 2040. Viapath is bidding to retain its position as the supplier of these services and believes it is well placed to be successful.

Should Viapath be unsuccessful in winning these contracts the operations would be transferred to the new provider including all the employees. The trading entity of Viapath Group LLP would be wound down with all assets and stock held by Viapath expected to be sold to the new provider. The transfer would start six months prior to the termination date and would therefore not have a material impact on the financial performance in 2019.

Viapath is planning to be successful in securing the new contracts, and it is expected that this would result in the refinancing of the business to support the service transformation that the contract award is expected to include. The SEL STP tender proposal has requested that the future supplier create a laboratory Hub with some services remaining on customer sites to meet the needs of the clinical process. The new hub will enable Viapath to provide further service enhancements for the benefit of its customers' patients as well as enabling efficiency improvements, thus enhancing Viapath's future operating model.

Viapath currently provides both pathology and laboratory services to Bedford Hospital NHS Trust. Following Bedford Hospital NHS Trust's announcement in 2017 that it planned to merge with Luton and Dunstable University Hospital NHS Foundation Trust, notice was given of the intention to move both services under the management of a new combined trust. Viapath has been working with both trusts to ensure the continuation of services for the benefit of patients and has successfully agreed an extension of the contracts to March 2020 (the original contract was set to expire at the end of November 2019). The new contract extension envisages a phased transition of services, so there is expected to be a small impact on the financial results for 2019.

Strategic Report (continued)

Year End Results

The results for the year ended 31 December 2018 are shown in the primary statements from page 17 to 20, while the notes supporting the statements are shown from page 21. The Members believe that these results appropriately reflect Viapath's activities during the year.

A summary of key financial results is set out in the table below and discussed in this section:

	2018	2017
Revenue (£ '000)	122,028	114,365
Operating profit for the financial year (£ '000)	2,798	1,333
Total assets (£ '000)	47,355	47,686
Adjusted EBITDA (£ '000) (see note 5)	7,060	5,373
Gross Profit percentage	27.1%	25.6%
Return on capital employed (Operating Profit/total Assets)	5.9%	2.8%

Revenue in 2018 increased by 6.7% compared to prior year revenue. The increase is attributable to volume growth from Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust, price increases at least partially reflecting inflation, and increased growth in third-party customers and newly developed tests. The return on capital employed has risen in 2018 through the combination of growing third-party revenue and focusing on continuing cost efficiency.

Capital Expenditure

The business continued its Laboratory Information Management (LIM) Systems improvement programme with the continuation of the Blood Transfusion project which commenced in 2017, continued through 2018 and will go live during 2019. The business went live with the IT Infrastructure project in 2018.

Staff

Staff turnover in the 12 months to 31 December 2018 was below the 2017 level at 16.32% (2017:16.99%). This continues to remain below the high rates seen pre 2014 and demonstrates the effectiveness of staff engagement programmes, career progression opportunities and investment in staff training and development.

Adjusted EBITDA

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

Strategic Report (continued)

Principal risks and uncertainties

Business risk

Viapath operates in a challenging market sector. The NHS healthcare system is under constant pressure to reduce costs and is subject to political pressures to increase efficiency. Pathology services are an essential part of NHS patient care and evidence suggests investment in pathology drives cost savings for trusts further along the patient pathway. Consolidations of some services are considered necessary and pathology has been identified as a key area for market integration under the Carter Reports. Furthermore, NHS Improvement has followed up on the Carter Reports with targets for NHS trusts, which are expected to be met by consolidating services. Linked to these changes the SEL STP tender proposal has requested that the future supplier create a laboratory Hub with some services remaining on customer sites to meet the needs of the clinical process. The new hub will enable Viapath to provide further service enhancements for the benefit of its customers' patients as well as enabling efficiency improvements, thus enhancing Viapath's future operating model. Viapath is expecting other regional STP's to follow a similar process and believes that this market disruption presents an opportunity for Viapath to expand its operating base. As one of the largest pathology providers in the UK, part-owned by two of the most prestigious NHS teaching trusts, Viapath is well placed to take advantage of such consolidations. Staff expertise is of utmost importance to this vision, and Viapath continues to invest in staff retention measures and quality management processes, as well as modern scientific equipment. In doing so, Viapath aims to drive further efficiencies for its Member trusts and other third party NHS customers around the country.

As Viapath operates in Great Britain and the country is expecting to exit the European Union in early 2019 the organisation is planning to mitigate a degree of foreseeable disruption through increasing the stock levels of key reagents and other consumables that are imported directly from the European Union. Viapath's largest suppliers have already put in place similar contingencies and expect to be able to continue to supply through what is anticipated to be a short term disruption. Whilst Viapath buys almost all consumables and equipment in British Pounds there may be risk from exchange rate fluctuations for suppliers which is predominately managed through long-term contracts. Viapath does employ people from European Union states and in line with other employers and government advice it is not anticipating an in-year impact on employee retention.

Interest rate risk

Viapath is exposed to interest rate risk on funding from its Members, with the risk reducing as loans are repaid. Prior to 2018, Viapath had drawn down loans totalling £14.961m (2017: £14.961m) from its Members. Of that balance, £5.500m was repaid in 2017 and a further £2.540m was repaid in 2018, resulting in a balance of £6.921m as at 31 December 2018 (2017: £9.461m). KCH chose to defer the loans due in 2018 in order to provide support to the bid response. As a result the loans due at the end of 2018 represent cash loans repayable on demand to KCH of £0.987m, loans due to be repaid at the end of 2019 of £3.775m and a final payment in September 2020 of £0.63m. The remaining £2.096m (2017: £2.096m) relates to non-cash stock that will be transferred back to Members at the cessation of their laboratory contracts. Interest is paid on the loans at 2% above LIBOR relating to three month deposits. There are no other borrowings or bank overdrafts.

Credit risk

Viapath's principal financial assets are trade and other receivables. In 2018 the debtor balances resulting from third party sales reduced even though the revenues from these customers increased. This reduction resulted from successful concerted action to improve the payment cycle of these customers. The debtor balance with third party customers remains above the contractual terms since the majority of these customers are NHS organisations and, in line with the macroeconomic environment some of these customers have significant financial challenges. The Members do not consider that Viapath is exposed to significant credit risk on the basis that the three main customers that account for the large majority of receivables are independently regulated by NHS Improvement and are largely government funded. Furthermore, the largest two customers are part-owners of Viapath.

Strategic Report (continued)

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

Liquidity risk

Viapath has received funding from its Members and has no other borrowings. The partnership continues to benefit from the joint support of its Members. Adequate funds are provided by the Members through a combination of loan funding and working capital management. The bid process will put additional pressure on the cash flow of Viapath and so KCH has agreed to defer the loans due in 2018 and 2019 and GSTT and Serco have agreed to provide additional financing should this be required. The Members, therefore, do not consider that Viapath is exposed to significant liquidity risk.

Going concern

In assessing Viapath's position to continue to trade as a going concern the directors have considered three options with regards to the outcome of the SEL STP tender: (1) winning the contracts; (2) losing the contracts to another bidder; (3) the existing customers requesting extensions to the current contracts to enable them to either delay their final decision or to plan for alternative options. Under all three scenarios Viapath considers that it was continue to trade until at least the end of the current contracts in September 2020 and therefore has prepared these accounts on a going concern basis.

The financial position of Viapath is shown on the statement of financial position on page 18 and its cash flows are described in the statement of cash flows on page 20 of the financial statements. The liquidity and financial risk are described above and in addition, Note 1 of the financial statements provides details of Viapath's objectives, policies and processes for managing its capital and details of its financial instruments.

A high proportion of Viapath's expenditure and its forecast income is fixed and secured through long-term contracts including penalties for early customer termination. The contracts with GSTT and KCH have been agreed up to the end of September 2020. GSTT and KCH are tendering for the replacement of the current core contracts with an outcome expected to be announced in October 2019 which would take effect from October 2020. In addition, Viapath is the preferred bidder for the NHS England (NHSE) Genomics tender for the South London area which will be contracted through GSTT. The new Genomics operating model is expected to start to take effect from April 2019 and fully commence from April 2020. The Genomics contract will form part of the core contract retender although the contract period will initially be for a shorter five years with a two year extension to reflect the NHSE timeline.

We continue to engage with Bedford Hospital NHS Trust and have signed a contract extension to March 2020 which enables the continuation of existing options until such time as the Trust is able to combine its services with Luton and Dunstable University Hospital NHS Foundation Trust. This is expected to result in a phased transition of these services with a modest financial impact on 2019. Viapath continues to work with Bedford and Luton and Dunstable with regards to the provision of ongoing services.

The Members are the primary suppliers of funding to the business via initial loans totalling £14.961m. A total of £5.500m of repayments were made to Members against these loans during 2017, with further repayments of £2.540m in 2018. KCH have deferred their loans due in 2018 and expressed a willingness to defer the loans due in 2019 in order to ensure sufficient funding is available to support the response to the core contract tender. Both GSTT and Serco have received loan repayments in 2018 and expect to receive loan repayments in 2019; however they have both confirmed their willingness to refinance Viapath to the value of the loans should this prove necessary. The KCH loans that have already been deferred are now repayable on demand and the loans due in 2019 will become repayable on demand once deferred (see Note 17).

Management is committed to maintaining focus on driving financial and operational improvement even whilst bidding for the core contract tender and the expected service transformation this is expected to deliver.

Strategic Report (continued)

Impact of the tender

Viapath has financial resources available through both formal and informal funding from its Members. The financial plan for the Viapath Group LLP forecasts that it will generate sufficient cash to fund its operational and investment requirements including responding to the SEL STP tender. In the event it is awarded the new contracts Viapath is expecting to secure significant additional financing to fund the transition to a hub laboratory and to transform the services delivered. If Viapath is unsuccessful in securing the new contracts or the decision on the new contracts is delayed, the Members will provide sufficient funding to enable it meet its ongoing obligations. In the latter scenario, Viapath would ultimately sell the assets of the business to the new supplier at the point services transfer and the sale proceeds would be expected to enable Viapath to meet all its remaining financial obligations. Viapath would also consider its strategic options for an ongoing business model.

As a consequence of these factors, the Members believe that Viapath Group LLP continues to be well placed to manage its business risks and continue as a going concern. The Members have a reasonable expectation that Viapath Group LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the report and financial statements.

Corporate governance

Overview

The Viapath Group LLP governance structure consists of the Viapath Group LLP Board and four committees of the Board: the Audit Committee; the Remuneration Committee; the Operations and Quality Committee; and the Finance and Investment Committee.

During 2018 Viapath Group LLP introduced an additional temporary committee to provide oversight to the bid response with regards to the SEL STP.

Viapath Group LLP Board

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

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

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

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

Strategic Report (continued)

Viapath Group LLP Board Committees

Audit Committee

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

Remuneration Committee

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

Operations and Quality Committee

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

Finance and Investment Committee

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

Bid Oversight Committee

The Bid Oversight Committee was established in December 2018 and is a committee of the Board. It supports the Board through detailed review and oversight of Viapath's response to the tender submission from the SEL STP. The meeting is chaired by the Serco representative Member and comprises representatives from each other Member along with Viapath's CEO and CFO. The Viapath Company Secretary also attends.

Chairman, Chief Executive Officer, and Chief Financial Officer

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. Dr. David Bennett has been the Viapath Chairman since February 2016. Dougie Dryburgh, appointed on 22 October 2016, is Viapath's Chief Executive Officer (CEO). Clive Mosey appointed 20 November 2017, is the Chief Financial Officer (CFO).

Approved on behalf of the Members by:



Lorcan Woods, Chief Financial Officer, King's College Hospital NHS Foundation Trust

Dated: 29 MARCH 2019

Statement of Members' Responsibilities

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the members of Viapath Group LLP

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Viapath Group LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent limited liability partnership financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated and parent limited liability partnership statement of comprehensive income;
- the consolidated and parent limited liability partnership statement of financial position;
- the consolidated and parent limited liability partnership statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent limited liability partnership financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

We are independent of the group and of the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group's or the parent 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.

Independent auditor's report to the members of Viapath Group LLP (continued)

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 group's and the parent 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 group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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

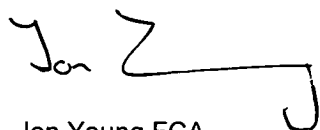
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership 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.

**Independent auditor's report to the members of Viapath Group LLP
(continued)****Use of our report**

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Dated: 29 March 2019

STATEMENT OF COMPREHENSIVE INCOME
For the period to 31 December 2018

		2018	2018	2017	2017
		Consolidated	Viapath	Consolidated	Viapath
Continuing Operations	Notes	£ '000	Group LLP	£ '000	Group LLP
			£ '000		£ '000
Revenue	3	122,028	13,591	114,365	11,364
Cost of Sales		(88,922)	(7,954)	(85,036)	(7,563)
Gross Profit		33,106	5,637	29,329	3,801
Administrative Expenses		(29,888)	(3,599)	(27,996)	(3,157)
Bid Costs	5	(420)	-	-	-
Operating Profit		2,798	2,038	1,333	644
Finance costs	7	(311)	(293)	(376)	(358)
Profit for the year available for discretionary division among Members		2,487	1,745	957	286
Other Comprehensive Income					
Actuarial Gain on Defined Benefit Pension Scheme	21	892	892	-	-
Total comprehensive income for the year attributable to Members		3,379	2,637	957	286

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 Consolidated £ '000	2018 Viapath Group LLP £ '000	2017 Consolidated £ '000	2017 Viapath Group LLP £ '000
Assets					
Intangible Assets	8	9,187	479	9,888	190
Property plant and equipment	9	4,585	-	4,659	29
Other long-term receivables	10	892	892	73	73
Total non-current assets		14,664	1,371	14,620	292
Current assets					
Inventories	11	4,246	-	4,047	9
Trade and other receivables	10	22,416	33,184	24,537	25,891
Cash and cash equivalents	12	6,029	608	4,482	540
Total Current Assets		32,691	33,792	33,066	26,440
Total Assets		47,355	35,163	47,686	26,732
Equity and liabilities					
Equity attributable to Members					
Members' capital	15	3,331	3,331	3,331	3,331
Other reserves	15	6,517	2,965	3,138	328
Total Equity		9,848	6,296	6,469	3,659
Current liabilities					
Provisions	14	1,023	87	1,110	401
Loans and other debts due to Members	13	2,460	2,460	3,527	2,984
Trade and other payables	13	29,563	7,350	30,645	7,302
Total current liabilities		33,046	9,897	35,282	10,687
Non-current liabilities					
Loans and other debts due to Members	13	4,461	3,771	5,935	5,786
Trade and other payables	13	-	15,199	-	6,600
Total non-current liabilities		4,461	18,970	5,935	12,386
Total liabilities		37,507	28,867	41,217	23,073
Total equity and liabilities		47,355	35,163	47,686	26,732

Viapath Group LLP has guaranteed the liabilities of its subsidiaries, Viapath Analytics LLP (VA) and Viapath Services LLP (VS) under Section 479A and C of the Companies Act 2006 (as Amended). As such, VA and VS will take advantage of the audit exemption set out within Section 479A for the year ended 31 December 2018.

The accompanying notes are an integral part of this statement of financial position.

The Consolidated financial statements of the Viapath Group LLP and Viapath Group LLP financial statements registration number OC337242 were approved by the Members and authorised for issue on 27 March 2019 and signed on the Members' behalf by:

Lorcan Woods

Lorcan Woods, Chief Financial Officer, King's College Hospital NHS Foundation Trust

Dated: 29 MARCH 2019

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2018

Consolidated

	Notes	Members' capital £000	Other reserves £000	Total £000
Balance at 1 January 2017		3,331	2,181	5,512
Total comprehensive income 2017	15	-	957	957
Balance at 1 January 2018		3,331	3,138	6,469
Total comprehensive income 2018	15	-	2,487	2,487
Total other comprehensive income 2018		-	892	892
Balance at 31 December 2018		3,331	6,517	9,848

Viapath Group LLP

	Notes	Members' capital £000	Other reserves £000	Total £000
Balance at 1 January 2017		3,331	42	3,373
Total comprehensive income 2017	15	-	286	286
Balance at 1 January 2018		3,331	328	3,659
Total comprehensive income 2018	15	-	1,745	1,745
Total other comprehensive income 2018		-	892	892
Balance at 31 December 2018		3,331	2,965	6,296

STATEMENT OF CASH FLOWS
For the period ended 31 December 2018

		Consolidated 2018 £ '000	Consolidated 2017 £ '000
	Notes		
Cash flow from operating activities			
Profit for the period		2,487	957
Profit/loss on disposal of non-current assets		-	-
Other finance charges	7	17	5
Amortisation	8	1,646	1,884
Depreciation	9	1,488	1,559
Interest Received	7	-	-
Interest Charge	7	294	371
Intangible Impairment	8	211	156
Intangible Disposals	8	40	-
Property, plant and equipment disposals	9	16	-
(Decrease)/Increase in provisions	14	(87)	311
(Increase)/Decrease in inventories	11	(199)	(755)
Decrease/(Increase) in receivables	10	2,194	(3,865)
(Decrease)/Increase in payables	13,15	(1,047)	5,258
Net cash from operating activities		7,060	5,881
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(1,430)	(719)
Investment in intangibles	8	(1,196)	(711)
Net cash used in investing activities		(2,626)	(1,430)
Cash flows from financing activities			
Loans repaid to Members		(2,540)	(5,500)
Interest paid to Members		(330)	(260)
Other finance income		-	-
Other finance charges		(17)	(5)
Net cash used in financing activities		(2,887)	(5,765)
Net increase in cash and cash equivalents		1,547	(1,314)
Cash and cash equivalents at beginning of year		4,482	5,796
Cash and cash equivalents at end of the year		6,029	4,482

Notes to the Financial Statements

1. ACCOUNTING POLICIES

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

Going concern

Viapath's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

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

Basis of accounting

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

The financial statements are presented in sterling, rounded to the nearest £1,000 on the historical accrued cost basis and adopting the accounting policies presented herein.

Adoption of new and revised standards

At the date of authorisation of these financial statements, the following new standards and interpretations were in issue and have been applied in these financial statements:

- IFRS 9 'Financial instruments' (effective from the Group's 2018 financial year);
- IFRS 15 'Revenue from contracts with customers' (effective from the Group's 2018 financial year).

IFRS 9 'Financial Instruments' replaced IAS 39 'Financial Instruments Recognition and Measurement'. The standard became effective for accounting periods beginning on or after 1 January 2018 and changed some requirements for the measurement and classification of financial instruments and impairment of financial assets. The standard introduces a new impairment model based on expected credit losses. The recalculation of the allowance for doubtful debts using the expected credit losses method resulted in an immaterial change from the previous method of calculation. The recalculated allowance is shown in Note 10 to these financial statements. The accounting policies for Trade Receivables have been updated to be in line with the new Standard. This is the only impact on the Financial Statements.

IFRS 15 'Revenue from Contracts with Customers' superseded IAS 18 'Revenue' and established a principles-based approach to revenue recognition and measurement based on the concept of recognising revenue when performance obligations are satisfied. A review of revenue recognition criteria undertaken during the reporting year concluded that no changes were required in order to comply with the new standard since revenue will continue to be recognised at the point of meeting performance obligations. Viapath Group LLP of companies' performance obligations are to deliver verified test results and the group charges its clients on that basis. Therefore, the performance obligations are singular and the same under IAS 18 'Revenue' and the new accounting standard IFRS 15 'Revenue from Contracts with Customers'.

The following standard is effective from the Group's 2019 financial year:

- IFRS 16 'Leases'.

IFRS 16 'Leases' supersedes IAS 17 'Leases' and has been endorsed by the European Union. The standard is effective from 1 January 2019. The most significant changes are in relation to lessee accounting. Under IFRS 16 the lessee will recognise a right-of-use asset and a lease liability for all leases currently accounted for as operating leases, with the exception of leases for a short period (less than 12 months) and those for items of low value. The asset will be depreciated over the term of the lease, whilst interest will be charged on the liability over the same period. The Group anticipates

Notes to the Financial Statements (continued)

ACCOUNTING POLICIES (continued)

that the adoption of IFRS 16 will have a significant impact on the primary financial statements, including an impact on the operating profit, profit before tax, total assets and total liabilities lines. The right-of-use asset and associated liability amount to £3.6m. The annual depreciation charge will be £1.8m. The annual interest expense will be £0.1m.

Revenue

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Taxation

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

Members' remuneration

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

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

Intangible assets

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

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

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

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

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

Property, plant and equipment

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

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

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

The principal annual rates used are:

Plant and equipment	10% - 33%
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Notes to the Financial Statements (continued)

ACCOUNTING POLICIES (continued)

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, Viapath reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the income statement. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. This treatment will change on 1 January 2019 on implementation of IFRS 16 'Leases' (see 'Adoption of new and revised standards' on page 21 of these financial statements), whereby Viapath will recognise a right of use asset and lease liability even where no transfer of the risks and rewards of ownership takes place.

Financial assets

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

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

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established using the expected credit losses (ECL) method as prescribed in IFRS 9 'Financial instruments' (see 'Adoption of new and revised standards' on page 21 of these financial statements). The ECL calculation is based on a debtor categorisation and ageing matrix which identifies the historical sums credited to specific debtors or categories of debtor and applies that percentage to current levels of debt. The carrying amount of the asset is reduced through the use of an impairment provision account and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the impairment provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

Cash and cash equivalents

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

Inventories

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

Notes to the Financial Statements (continued)

ACCOUNTING POLICIES (continued)

Financial liabilities

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

Loans due to Members

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

Financial liabilities and equity

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

Pension costs:

i. Defined contribution schemes

Contributions for the period in respect of defined contribution schemes are charged to the income statement account as they fall due. Differences between charges accruing during the year and cash payments are included as either accruals or prepayments in the balance sheet.

ii. Defined benefit scheme

Viapath holds one defined benefit scheme which is closed to new members. This is accounted for under IAS 39 with full disclosures at Note 21.

Critical accounting estimates and key sources of estimation

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

Contract costs

All bid costs are expensed through the income statement up to the point where contract award (or full recovery of costs) is virtually certain. Bid and transition costs incurred after this point are then recognised within trade and other receivables as amounts recoverable on contracts. Bid costs are expensed on a straight-line basis on award of contract over the life of the contract. Transition costs are expensed on a straight-line basis on successful completion of the project over the contract period. Detailed contract forecasts are prepared to determine whether the assets are recoverable and an asset is only recognised where it is determined that the costs are fully recoverable. The Members are confident that the carrying amount of the assets will be recovered in full.

2. OPERATING SEGMENT

The partnership's operations relate to delivering pathology services and laboratory services within the United Kingdom. As such the LLP does not disclose operating segment information. The Board is the chief operating decision maker.

3. REVENUE

The revenue of the partnership is principally derived from the provision of pathology services and laboratory services to health organisations. Viapath's main customers are Guy's and St Thomas' NHS Foundation Trust (GSTT), King's College Hospital NHS Foundation Trust (KCHT), Bedford Hospital NHS Trust (BHT) and South London and Maudsley NHS Foundation Trust (SLaM).

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

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

Distributable profits are divided among the Members in accordance with agreed profit sharing arrangements.

5. OPERATING PROFIT

	Consolidated	Viapath	Consolidated	Viapath
	2018	Group LLP	2017	Group LLP
	£ '000	£ '000	£ '000	£ '000
Is stated after charging:				
Amortisation of amounts recoverable on contracts	441	441	441	441
Amortisation of intangible assets	1,646	-	1,884	-
Rentals under members' agreements:				
- Land and buildings	462	-	311	-
- Plant and machinery	702	-	529	-
Depreciation on equipment	1,488	29	1,559	55
Deloitte fees for the audit of financial statements	71	71	65	65
Movement in allowance for doubtful debts	(124)	34	(557)	78
Impairment of intangibles	211	-	156	-
Disposals of intangibles	40	-	-	-
Disposals of property, plant and equipment	16	-	-	-
Cost of inventories recognised as an expense	21,455	57	19,401	22

OPERATING PROFIT TO EBITDA RECONCILIATION

	Consolidated	Viapath	Consolidated	Viapath
	2018	Group LLP	2017	Group LLP
	£ '000	£ '000	£ '000	£ '000
Profit for the year available for discretionary division among Members	2,487	1,745	957	286
Interest Expense	311	293	376	358
Amortisation of amounts recoverable on contracts	441	441	441	441
Amortisation of intangible assets	1,646	48	1,884	-
Depreciation on equipment	1,488	29	1,559	55
Impairment intangibles	211	-	156	-
Disposals of intangibles	40	-	-	-
Disposals of property, plant and equipment	16	-	-	-
Bid costs	420	-	-	-
Adjusted EBITDA	7,060	2,556	5,373	1,140

The partnership uses Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to give a true representation of the underlying performance. Adjusted EBITDA includes adjustments for interest expense, amortisation of amounts recoverable on contracts and intangible assets, depreciation on equipment, intangible impairment and bid costs. £420k of bid costs which relate to the Core contract retender, have been expensed in the year. These are not operational costs.

The Actuarial Gain on Defined Benefit scheme of £892k in Viapath Group LLP and Viapath Consolidated accounts is excluded from Adjusted EBITDA.

6. STAFF COSTS

	Consolidated 2018 £ '000	Viapath Group LLP 2018 £ '000	Consolidated 2017 £ '000	Viapath Group LLP 2017 £ '000
Employee costs excluding Members:				
Wages and salaries	49,438	6,367	47,259	6,132
Social security costs	5,064	577	4,791	472
Other pension costs	3,672	256	3,660	312
Total staff costs	58,174	7,200	55,710	6,916

The average numbers of employees were as follows:

	Consolidated 2018 No.	Viapath Group LLP 2018 No.	Consolidated 2017 No.	Viapath Group LLP 2017 No.
Scientific and Operational	1,258	24	1,185	28
Administrative and Clerical	184	83	138	67
Total	1,442	107	1,323	95

7. FINANCE INCOME AND FINANCE COSTS

	Consolidated 2018 £ '000	Viapath Group LLP 2018 £ '000	Consolidated 2017 £ '000	Viapath Group LLP 2017 £ '000
Interest on bank deposits	-	-	-	-
Total finance income	-	-	-	-
Interest paid to Members	294	288	371	355
Finance lease interest	-	-	-	-
Other	17	5	5	3
Total finance costs	311	293	376	358

8. INTANGIBLE ASSETS

	Consolidated Assets Under Construction £ '000	Consolidated Intangibles £ '000	Consolidated Total £ '000	Viapath Group LLP Assets Under Construction £ '000	Viapath Group LLP Intangibles £ '000	Viapath Group LLP Total £ '000
Cost						
At 31 December 2016	1,161	19,724	20,885	127	-	127
Additions during the year	647	64	711	63	-	63
Transfer	(868)	868	-	-	-	-
Impairment	(162)	-	(162)	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2017	778	20,656	21,434	190	-	190
Additions during the year	1,036	160	1,196	144	193	337
Transfer	(334)	334	-	(334)	334	-
Disposals	-	(50)	(50)	-	-	-
Impairment	(211)	-	(211)	-	-	-
At 31 December 2018	1,269	21,100	22,369	-	527	527
Accumulated amortisation						
At 31 December 2016	-	(9,668)	(9,668)	-	-	-
Charge for the year	-	(1,884)	(1,884)	-	-	-
Impairment	-	-	-	-	-	-
Disposals	-	6	6	-	-	-
At 31 December 2017	-	(11,546)	(11,546)	-	-	-
Charge for the year	-	(1,646)	(1,646)	-	(48)	(48)
Disposals	-	10	10	-	-	-
Impairment	-	-	-	-	-	-
At 31 December 2018	-	(13,182)	(13,182)	-	-	-
Net Book Value 31 December 2017	778	9,110	9,888	190	-	190
Net Book Value 31 December 2018	1,269	7,918	9,187	-	479	479

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

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2018 £ '000	Viapath Group LLP 2018 £ '000	Consolidated 2017 £ '000	Viapath Group LLP 2017 £ '000
Cost				
At 1 January	14,640	261	13,921	261
Additions during the period	1,430	-	719	-
Disposals	(27)	-	-	-
Impairment	-	-	-	-
At 31 December	16,043	261	14,640	261
Accumulated depreciation				
At 1 January	(9,981)	(232)	(8,422)	(177)
Charge for the period	(1,488)	(29)	(1,559)	(55)
Disposals	11	-	-	-
At 31 December	(11,458)	(261)	(9,981)	(232)
Net book value				
At 31 December	4,585	-	4,659	29
Net Book Value of Finance Lease Assets	-	-	-	-

10. TRADE AND OTHER RECEIVABLES**Trade and other receivables falling due within one year:**

	Consolidated	Viapath Group LLP	Consolidated	Viapath Group LLP
	2018	2018	2017	2017
	£ '000	£ '000	£ '000	£ '000
Trade receivables	5,589	227	7,276	536
Allowance for doubtful debts	(883)	(141)	(1,007)	(107)
Total trade receivables	4,706	86	6,269	429
Other amounts recoverable on contracts	73	73	441	441
Amounts owed by Members (note 16)	13,764	2	15,964	95
Other receivables	584	37	465	35
Amounts owed from HMRC	-	30	-	32
Prepayments and other accrued income	3,289	498	1,398	588
Intercompany debtors	-	32,458	-	24,271
Total receivables falling due within 1 year	22,416	33,184	24,537	25,891
Analysis of trade receivables:	2018	2018	2017	2017
	£ '000	£ '000	£ '000	£ '000
Not overdue	2,628	191	4,064	323
30 – 60 days	523	3	700	137
61 – 90 days	319	-	603	54
91 – 120 days	378	-	340	-
Over 120 days	1,741	33	1,569	22
	5,589	227	7,276	536
Movement in trade receivables impairment provision:	2018	2018	2017	2017
	£ '000	£ '000	£ '000	£ '000
Balance as at 1 January	1,007	107	1,564	29
Decrease in impairment provision	(124)	34	(557)	78
Utilised as write-off/(back)	-	-	-	-
Balance as at 31 December	883	141	1,007	107
Trade and other receivables falling due after one year:	2018	2018	2017	2017
	£ '000	£ '000	£ '000	£ '000
Amounts recoverable on contracts	-	-	73	73
Pension surplus asset	892	892	-	-
Total receivables falling due after 1 year	892	892	73	73

Amounts recoverable on contracts relate to pre-contract and transition costs incurred on the GSTT, King's and Bedford contracts. These costs have been recognised in accordance with the accounting policy as set out in the Significant Accounting Policies – Contracts note on page 24 of these accounts. The Members estimate that the carrying amount of trade receivables approximates to their fair value.

11. INVENTORIES

	Consolidated 2018 £ '000	Viapath Group LLP 2018 £ '000	Consolidated 2017 £ '000	Viapath Group LLP 2017 £ '000
Stock ready for use by the business	4,246	-	4,047	9

Inventories represent reagents, stains and other materials consumed in the pathology testing process. The Members estimate that the carrying amount of inventories approximates to their fair value. No inventories have been pledged as security.

12. CASH AND CASH EQUIVALENTS

	Consolidated 2018 £ '000	Viapath Group LLP 2018 £ '000	Consolidated 2017 £ '000	Viapath Group LLP 2017 £ '000
Cash at bank and in hand	6,029	608	4,482	540

13. TRADE AND OTHER PAYABLES

	Consolidated 2018 £ '000	Viapath Group LLP 2018 £ '000	Consolidated 2017 £ '000	Viapath Group LLP 2017 £ '000
Trade payables	5,073	353	8,073	135
Amounts owed to Members (note 18)	6,457	336	8,568	206
Other taxes and social security	1,879	429	1,358	212
Accruals	8,972	2,735	5,964	2,235
Deferred income	7,175	-	6,653	-
Amount owed to HMRC	-	-	25	-
Intercompany Creditor	7	3,497	4	4,514
Trade and other payables	29,563	7,350	30,645	7,302
 Member loan (note 18)	 2,460	 2,460	 3,527	 2,984
Total payables falling due within one year	32,023	9,810	34,172	10,286
	2017 £ '000	2017 £ '000	2017 £ '000	2017 £ '000
Finance lease creditor	-	-	-	-
Member loan repayments (note 18)	4,461	3,771	5,935	5,786
Intercompany Creditor	-	15,199	-	6,600
Total payables falling due after one year	4,461	18,970	5,935	12,386

Amounts owed to Members are trade payables and do not bear interest.

14. PROVISIONS

	Consolidated	Viapath Group LLP	Consolidated	Viapath Group LLP
	2018	2018	2017	2017
	£ '000	£ '000	£ '000	£ '000
Provisions consist of:				
Onerous Contract	-	-	241	241
Other	1 023	87	869	160
Total Provisions	1,023	87	1,110	401

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

IAS 37 provides options for restricted disclosures where management believe that disclosure may lead or contribute to unnecessary financial loss and Viapath has taken advantage of this restriction.

Onerous contract provisions are contracts under which the fair value of the benefit of the contract is exceeded by the cost of meeting the financial obligations of the contract.

15. MEMBERS' INTERESTS**Consolidated**

	Members' capital	Other reserves	Cash loans due to Members	Non-cash loans due to Members	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2017	3,331	2,181	12,631	2,331	20,474
Loans introduced from Members	-	-	-	-	-
Profit for the financial period available for discretionary division among Members	-	957	-	-	957
Loans paid to members 2017	-	-	(5,500)	-	(5,500)
Balance at 1 January 2018	3,331	3,138	7,131	2,331	15,931
Loans introduced from Members	-	-	-	-	-
Profit for the financial year available for discretionary division among Members	-	2,487	-	-	2,487
Loans paid to Members in 2018	-	-	(2,540)	-	(2,540)
Pension surplus asset	-	892	-	-	892
Balance at 31 December 2018	3,331	6,517	4,591	2,331	16,770

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

	Members' capital £ '000	Other reserves £ '000	Cash loans due to Members £ '000	Non-cash loans due to Members £ '000	Total £ '000
Balance at 1 January 2017	3,331	42	12,270	2,000	17,643
Profit for the financial period available for discretionary division among Members	-	286	-	-	286
Loan paid to Members in 2017	-	-	(5,500)	-	(5,500)
Balance at 1 January 2018	3,331	328	6,770	2,000	12,429
Loans introduced from Members	-	-	-	-	-
Profit for the financial year available for discretionary division among Members		1,745	-	-	1,745
Loan paid to Members in 2018	-	-	(2,540)	-	(2,540)
Pension surplus asset	-	892	-	-	892
Balance at 31 December 2018	3,331	2,965	4,230	2,000	12,526

16. RELATED PARTY TRANSACTIONS

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

Trading transactions

During the year ended 31 December 2018, the LLP entered into the following trading transactions with its Members:

Consolidated (at 31 December 2018)

	Sales	Purchases	Amounts owed from related party	Amounts owed to related party
	£ '000	£ '000	£ '000	£ '000
Guy's and St Thomas' NHS Foundation Trust	52,203	6,346	7,539	3,734
Serco Limited	-	224	-	499
King's College Hospital NHS Foundation Trust	41,362	4,363	6,210	2,790
Total	93,565	10,933	13,749	7,023

Consolidated (at 31 December 2017)

	Sales	Purchases	Amounts owed from related party	Amounts owed to related party
	£ '000	£ '000	£ '000	£ '000
Guy's and St Thomas' NHS Foundation Trust	52,586	7,180	7,490	3,238
Serco Limited	-	346	-	215
King's College Hospital NHS Foundation Trust	30,365	3,098	8,474	5,280
Total	82,951	10,624	15,964	8,733

Material related party transactions can be summarised as follows:

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

Under the contracts with GSTT Viapath provides a full range of laboratory and pathology services to GSTT: amounts invoiced in the year were £52m (2017: £53m). Purchases from GSTT relate to services the trust provides to Viapath Services LLP in order to offer a fully functioning laboratory within the hospital site, for example waste collection and utilities. Viapath Analytics LLP purchases consultants' services. Total invoices received during 2018 from GSTT amounted to £6m (2017: £7m). An interest charge of £0.1m has been recognised in statement of comprehensive income in relation to the loan from GSTT (2017: £0.1m).

Serco Limited:

Serco charged an amount of £0.2m in 2018 (2017: £0.3m) under Serco Services Agreement (SSA) for IT, Payroll and finance charges. An interest charge of £0.1m (2017: £0.1m) has been recognised in statement of comprehensive income. In addition, Serco is providing support for the SEL STP bid; the partnership purchased £0.4m of bid support during 2018.

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

Under contracts with KCH Viapath provides a full range of laboratory and pathology services to KCH: amounts invoiced in the year were £41m (2017: £30m). As for GSTT, Viapath Services LLP purchases waste collection, utilities and other services from KCH, and Viapath Analytics LLP purchases consultants' services. Total invoices received in year from KCH totalled £4m (2017: £3m). An interest charge of £0.1m has been recognised in statement of comprehensive income in relation to the loan from KCH (2017: £0.1m).

17. ANALYSIS OF NET DEBT

Consolidated	31-Dec-17	Cash flow Movement	Interest Charge	Non-cash	31-Dec-18
	£ `000	£ `000	£ `000	£ `000	£ `000
Cash and cash equivalents					
Cash	4,482	1,547	-	-	6,029
Current liabilities					
Finance leases	-	-	-	-	-
Non-current liabilities					
Finance leases	-	-	-	-	-
Loans over one year	(9,461)	2,540	-	-	(6,921)
Net debt	(4,979)	4,087	-	-	(892)

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

Consolidated	31-Dec-16	Cash flow Movement	Interest Charge	Non-cash	31-Dec-17
	£ `000	£ `000	£ `000	£ `000	£ `000
Cash and cash equivalents					
Cash	5,796	(1,314)	-	-	4,482
Current liabilities					
Finance leases	(71)	-	-	71	-
Non-current liabilities					
Finance leases	-	-	-	-	-
Loans over one year	(15,031)	5,500	-	70	(9,461)
Net debt	(9,306)	4,186	-	141	(4,979)

18. FINANCIAL RISK MANAGEMENT

Capital risk management

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

The carrying amounts of financial instruments are as follows:

	Consolidated 2018 £ '000	Consolidated 2017 £ '000
Financial assets – loans and receivables		
Trade receivables	4,706	6,269
Other receivables	584	465
Amounts owed by Members	13,764	15,964
Cash and cash equivalents	6,029	4,482
Financial liabilities – at amortised cost		
Trade payables	(5,073)	(8,073)
Loans due to Members	(6,921)	(9,461)
Amounts owed to Members	(6,457)	(8,568)
Other financial liabilities	(1,879)	(1,358)
Net financial liabilities	4,753	(280)

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

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

Interest rate sensitivity analysis

The LLP is exposed to interest rate risk on the loans due to Members at 2% above LIBOR. Loans due to Members fall due on 31 December 2019 (£2.5m) and 31 December 2020 (£4.4m).

If LIBOR interest rates increase by 1% the LLP shall be exposed to an increased interest charge of £66,750 per annum.

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

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

Maturity Assessment**Consolidated**

As at 31 December 2018	Less than 1 month £ '000	1 to 3 months £ '000	3 months to 1 year £ '000	Over 1 year £ '000	Total £ '000
Financial assets – loans and receivables					
Trade receivables (note 10)	2,628	842	1,183	53	4,706
Other receivables (note 10)	7	438	139	-	584
Amounts owed by Members (note 10)	11,723	973	864	204	13,764
Cash and cash equivalents (note 12)	6,029	-	-	-	6,029
Financial liabilities – at amortised cost	(1,879)	-	-	-	(1,879)
Trade payables (note 13)	(4,282)	(235)	(556)	-	(5,073)
Loans due to Members (note 17)	-	-	(2,460)	(4,461)	(6,921)
Amounts owed to Members (note 13)	(4,009)	(977)	(1,471)	-	(6,457)
Net financial instruments	10,217	1,041	(2,301)	(4,204)	4,753

As at 31 December 2017	Less than 1 month £ '000	1 to 3 months £ '000	3 months to 1 year £ '000	Over 1 year £ '000	Total £ '000
Financial assets – loans and receivables					
Trade receivables (note 10)	4,064	1,303	1,346	(444)	6,269
Other receivables (note 10)	21	284	160	-	465
Amounts owed by Members (note 10)	10,786	1,621	3,125	432	15,964
Cash and cash equivalents (note 12)	4,482	-	-	-	4,482
Financial liabilities – at amortised cost	(1,358)	-	-	-	(1,358)
Trade payables (note 13)	(7,497)	(393)	(183)	-	(8,073)
Loans due to Members (note 17)	-	-	(3,527)	(5,934)	(9,461)
Amounts owed to Members (note 13)	(5,474)	(1,820)	(1,274)	-	(8,568)
Net financial instruments	5,024	995	(353)	(5,946)	(280)

19. LEASE COMMITMENTS**Operating leases**

Under the terms of the lease agreements, no contingent rents are payable.

The future minimum lease payments under operating leases are as follows:

	Consolidated 2018 £ '000	Viapath Group LLP 2018 £ '000	Consolidated 2017 £ '000	Viapath Group LLP 2017 £ '000
Within one year	-	-	16	-
Between one and five years	-	-	-	-
After five years	-	-	-	-
	-	-	16	-

Finance leases**Consolidated:**

Finance lease liabilities are payable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2018 £ '000	2017 £ '000	2018 £ '000	2017 £ '000
Within one year	-	-	-	-
In the second to fifth year inclusive	-	-	-	-
After five years	-	-	-	-
	-	-	-	-
Less: future finance charges on finance leases		-	-	-
Present value of lease obligations	-	-	-	-

There are no finance leases within Viapath Group LLP.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling.

The fair value of the LLPs lease obligations is approximately equal to their carrying amount.

20. PENSION SCHEMES: DEFINED CONTRIBUTION SCHEMES

The Viapath group of LLPs has three defined contribution pension schemes for employees:

- i. Legal & General Auto-Enrolment Scheme
- ii. Legal & General Stakeholder Scheme
- iii. NHS Pension Schemes

Legal & General Auto-Enrolment Scheme and Legal & General Stakeholder Scheme

The Legal & General Auto-Enrolment Scheme and Legal & General Stakeholder Scheme are Defined Contribution schemes. The schemes' assets are held separately from those of the LLP in contract-based arrangements. The LLP paid employer contributions for the year ended 31 December 2018 of £0.547m net of salary sacrifice deductions, shown gross in prior years (2017: £0.742m) into the L&G Schemes.

NHS Pension Schemes

The NHS Pension Schemes are all Defined Benefit schemes, under the NHS Pension Scheme reference numbers EA29, EA30 and EA31. The schemes are for staff who transferred to Viapath employment under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006. Viapath was granted Direction Status with effect from 1 January 2015 under Section 7 of the Superannuation (Miscellaneous Provisions) Act 1967, under which the Secretary of State approves, subject to certain restrictions, the payment of contributions by people employed outside the National Health Service.

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

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

The LLP paid employer contributions for the year ended 31 December 2018 of £2.835m (2017: £2.772m) into the NHS Pension Schemes.

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

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

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

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

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

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 31 December 2018. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

A formal actuarial valuation was carried out as at 31 December 2015. The results of that valuation have been projected to 31 December 2018 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

There was a settlement in respect of a number of members who transferred their benefits out of the Scheme during 2017.

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

	31/12/2018	31/12/2017	31/12/2016
	£'000	£'000	£'000
Present value of scheme liabilities	(3,780)	(3,887)	(4,337)
Fair value of scheme assets	4,672	4,846	5,536
Funded status	892	959	1,199
Restriction on asset recognised	-	-	-
Net amount recognised at year end	892	959	1,199
(before any adjustment for deferred tax)			

PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)**The amounts recognised in comprehensive income are:**

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

	Year ended 31/12/2018 £'000	Year ended 31/12/2017 £'000
Service cost:		
Current service cost (net of employee contributions)	-	-
Administration expenses	25	25
Past service cost and loss/(gain) on settlements and curtailments	-	240
Net interest expense/(credit)	(22)	(27)
Charge/(credit) recognised in P&L	<u>3</u>	<u>238</u>
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in Interest expense)	249	(96)
Loss/(gain) arising from changes in financial assumptions	(277)	99
Loss/(gain) arising from changes in demographic assumptions	(24)	6
Experience loss/(gain)	30	17
Adjustment for restrictions on the asset recognised	-	-
Charge/(credit) recorded in other comprehensive income	<u>(22)</u>	<u>26</u>
Total defined benefit cost/(credit)	<u>(19)</u>	<u>264</u>

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

	31/12/2018	31/12/2017
Liability discount rate	2.70%	2.30%
Inflation assumption - RPI	3.13%	2.90%
Inflation assumption - CPI	2.20%	2.10%
Rate of increase in salaries	0.00%	0.00%
Revaluation of deferred pensions:		
RPI	3.00%	2.90%
Increases for pensions in payment:		
RPI max 6%	3.00%	2.90%
RPI	3.00%	2.90%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	0.00%	0.00%
Mortality assumption - pre retirement	SAPS S2PxA CMI 2017 1.5%	SAPS S2PxA CMI 2016 1.5%
Mortality assumption - male post retirement	SAPS S2PMA CMI 2017 projections 1.5% long-term rate	SAPS S2PMA CMI 2016 projections 1.5% long-term rate
Mortality assumption - female post retirement	SAPS S2PFA CMI 2017 projections 1.5% long-term rate	SAPS S2PFA CMI 2016 projections 1.5% long-term rate
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	87.1	87.2
Female aged 65 at year end:	89.0	89.1
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	88.8	89.0
Female aged 45 at year end:	90.9	91.0

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

	31/12/2018	31/12/2017
	£'000	£'000
Fair value of assets at start of period	4,846	5,536
Interest income	111	127
Return on assets (excluding amount included in net interest expense)	(249)	96
Assets distributed on settlements	-	(880)
Assets acquired in a business combination	-	-
Contributions from the employer	1	24
Contributions from employees	-	-
Benefits paid	(35)	(32)
Administration expenses	(2)	(25)
Fair value of assets at end of period	<u>4,672</u>	<u>4,846</u>
Actual return on assets over the period	(138)	223

Changes in the present value of liabilities over the period:

	31/12/2018	31/12/2017
	£'000	£'000
Liabilities at start of period	3,887	4,337
Current service cost	-	-
Interest cost	89	100
Contributions from employees	-	-
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(277)	99
Actuarial gains and losses arising from changes in demographic assumptions	(24)	6
Other experience items	30	17
Past service cost	-	-
Loss/(gain) on curtailments	-	-
Liabilities extinguished on settlements	-	(640)
Liabilities assumed on business combinations	-	-
Benefits paid	(35)	(32)
Liabilities at end of period	<u>3,670</u>	<u>3,887</u>

PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)

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

	31/12/2018 £'000	31/12/2017 £'000
Active members	-	-
Deferred pensioners	3,148	3,340
Pensions in payment	522	547
Audit adjustment	110	-
	<u>3,780</u>	<u>3,887</u>
 Average duration of the scheme's liabilities at the end of the prior (years)	 26	 26
This can be subdivided as follows:		
Active members	-	-
Deferred pensioners	28	28
Pensions in payment	15	15

The major categories of scheme assets are as follows:

	31/12/2018 £'000	31/12/2017 £'000
Return seeking		
UK Equities	-	-
Overseas Equities	-	-
Other (Specify)	-	-
Return seeking subtotal	<u>-</u>	<u>-</u>
Debt instruments		
Corporates	2,210	2,362
Gilts	-	-
Index Linked	<u>2,462</u>	<u>2,486</u>
Debt instrument subtotal	<u>4,672</u>	<u>4,848</u>
Other		
Property	-	-
Cash	-	(2)
Total market value of assets	<u>4,672</u>	<u>4,846</u>

PENSION SCHEMES: DEFINED BENEFIT SCHEME (continued)

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

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

The partnership does not expect to contribute to the Scheme during year ending 31 December 2019 other than meeting expenses.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.1 percent higher (lower), the scheme liabilities would decrease by £86,000 (increase by £89,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1 percent higher (lower), the scheme liabilities would increase by £86,000 (decrease by £84,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is deferred pension and pension in payment increases. The other assumptions remain unchanged.

22. SUBSIDIARY UNDERTAKINGS

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

Viapath Group LLP has guaranteed the liabilities of its subsidiaries, Viapath Analytics LLP and Viapath Services LLP under Section 479A and C of the Companies Act 2006 (as Amended). As such, VA and VS will take advantage of the audit exemption set out within Section 479A for the year ended 31 December 2018.