



KCH INTERVENTIONAL FACILITIES MANAGEMENT LLP
(trading as KFM)

Annual Report and Financial Statements

Registered Number OC412121
Year ended 31 March 2023

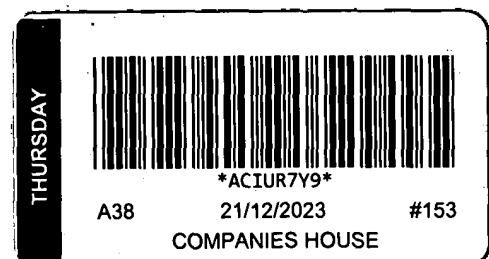


Table of contents

Table of contents2

KCH Interventional Facilities Management LLP Information3

The Members’ Report4

Statement of members’ responsibilities7

Independent auditor's report to the members of KCH Interventional Facilities Management LLP.....8

Statement of comprehensive income.....12

Statement of financial position13

Statement of cash flows.....14

Statement of changes in members’ interests.....15

Notes to the financial statements.....16

KCH Interventional Facilities Management LLP Information

Designated members

King's College Hospital NHS Foundation Trust, a public benefit corporation with main office at Denmark Hill, London SE5 9RS.

KCH Commercial Services Ltd, a company incorporated in England and Wales, company number 06023863, with a registered office at Unit 2 KCH Business Park, 129-131 Coldharbour Lane, London, SE5 9NY.

Registered Office

Unit 1, 129 Coldharbour Lane, London, England, SE5 9NY

LLP number

OC412121

Auditors

Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG, United Kingdom

The Members' Report

The members present their report and audited financial statements of KCH Interventional Facilities Management LLP for the year ended 31 March 2023.

Principal activity and review of the business

Principal activity

KCH Interventional Facilities Management LLP ("LLP") is a limited liability partnership incorporated and domiciled in the UK. The LLP, which trades as KFM is owned by the King's College Hospital NHS Foundation Trust group ("Group"). The members of the LLP are King's College Hospital NHS Foundation Trust and KCH Commercial Services Ltd. The LLP ownership is in the proportions described in the Member's capital section of the Members' report.

The principal activity of the LLP is delivering a fully managed support service across all clinical areas of King's College Hospital NHS Foundation Trust ("Trust"). This includes providing all required clinical supplies and equipment along with maintenance, training and technical support, endoscopy decontamination, sterile services, renal dialysis support, outpatients' pharmacy, radiology IT, transformation and project management. KFM also provides a procurement and contract management service for all King's College Hospital NHS Foundation Trust departments. The services are provided across all sites within the Trust, including King's College Hospital, Princess Royal University Hospital, Queen Mary's Sidcup, Beckenham Beacon and Orpington Hospital. The LLP has generated new revenues in the year from private healthcare customers for procurement and support services.

Business review and results

The results for the year are set out in the Statement of Comprehensive Income on page 12. Turnover for the year was £179.2m (year ended 31 March 2022 – £167.6m). Profit for the year was £9.8m (year ended 31 March 2022 – £9.8m).

Principal risk and uncertainties

The majority of the LLP's income is secured under contracts with the Trust, a government-funded entity. These contracts currently end on 30 June 2024, though the LLP has received undertakings from the Trust that the contract will be renewed on substantially the same terms.

The LLP currently lacks a diversified customer base with the Trust as its primary customer, which creates a customer concentration risk to the LLP and hence its strategy to expand its revenue base beyond the Trust. The risk is mitigated by the fact that the Trust is government funded and the LLP's business is intrinsically linked with the continuing provision of essential public health services at the Trust.

Financial risk

The LLP's cash assets are held within the Government Banking Service. The LLP does not hold investments other than cash and does not utilise complex financial instruments such as derivatives in its operations.

The LLP trade receivable is primarily with the Trust, a government funded entity. The LLP manages liquidity risk by continuously monitoring cash flow requirements and managing its borrowings via a loan facility provided by the Trust. The loan balance was reduced in the year by £9m. The interest payable is Bank of England base rate plus 2%.

Pension liabilities

Details of the pension liabilities and administration of the pension schemes are shown in the notes to the accounts – note 1k and note 4.

Employees

Employees are encouraged to maximise their contribution to the LLP and wider NHS. The LLP encourages openness and transparency. Employees are provided with regular information regarding business performance, policies and procedures and other matters relevant to their employment. The views of employees are considered carefully when making decisions that might affect their interests.

All employees are eligible to participate in a defined contribution pension scheme.

Equality and diversity

The LLP maintains a policy of employing the best candidates available in every position, regardless of gender, ethnic group or background. This includes equality in recruitment and ongoing promotion within the LLP.

The LLP supports the recruitment of staff with disabilities having full regard to their aptitudes and abilities and will offer individual support to staff who become disabled during the course of their employment and where appropriate offer opportunities for retraining and redeployment.

Political and charitable contributions

No political or charitable contributions were made by the LLP during the year ended 31 March 2023 (2022 – Nil).

Streamlined Energy and Carbon Reporting (SECR)

KFM shares its operating premises with the Trust. Information of the group position on carbon emissions and sustainability can be found in the Trust's Annual Sustainability report and Annual report.

Future plans

The LLP is actively looking to increase revenue generated from private and other public healthcare customers as well as expand the scope of services to the Trust.

Designated Members

The designated members of the LLP throughout the year were King's College Hospital NHS Foundation Trust and KCH Commercial Services Ltd.

Results and profit allocation to members

The results for the year are shown in the Statement of Comprehensive Income on page 12. There have been no drawings by the members during the year.

Members' capital

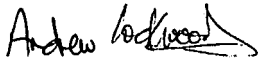
The total members' capital is £100. The Trust own £90 (2022 £90) of the members' capital and KCH Commercial Services Ltd own £10 (2022 £10) of the members' capital.

Auditors

All of the members as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the LLP's auditor is unaware.

Approval

The report was signed for and on behalf of the Board by



Andrew Lockwood
Managing Director

7th August 2023

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 (the 2008 Regulations) 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 UK-adopted international accounting standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

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

Independent auditor's report to the members of KCH Interventional Facilities Management LLP

Opinion

We have audited the financial statements of KCH Interventional Facilities Management LLP (the 'limited liability partnership') for the year ended 31 March 2023, which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Members' Interests and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 / UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK- adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 responsible for concluding on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the limited liability partnership to cease to continue as a going concern.

In our evaluation of the members' conclusions, we considered the inherent risks associated with the limited liability partnership's business model including effects arising from macro-economic uncertainties such as increasing interest rates, high inflation and energy prices, we assessed and challenged the reasonableness of estimates made by the members and the related disclosures and analysed how those risks might affect the limited liability partnership's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

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 themselves. 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 this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the LLP and determined that the most significant are those that relate to the reporting frameworks (IFRS and Companies Act 2006)
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit
- We enquired of management and those charged with governance, concerning the LLP's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations; and
 - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud
- In addition, we concluded that there are certain specific laws and regulations that may have an effect on the determination of amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental and bribery and corruptions matters
- We corroborated the results of our enquires to relevant supporting documentation
- We assessed the susceptibility of the LLP's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
- knowledge of the industry in which the client operates;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the LLP's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions;
 - the LLP's control environment, including the adequacy of procedures for authorisation of transactions, internal review procedures over the LLP's compliance with regulatory requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Grant Thornton UK LLP

Abigail Towers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: 7/8/2023

Statement of comprehensive income

for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Operating revenue	2	179,244	167,584
Direct expenses	3	(143,514)	(136,154)
Administrative expenses	4	(23,716)	(20,754)
Operating profit		12,014	10,676
Finance income		252	188
Finance costs		(2,452)	(1,113)
Profit before tax		9,814	9,751
Taxation expenses		-	-
Profit for the year		9,814	9,751

The above relates wholly to continuing operations.

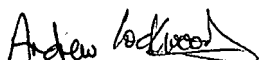
Statement of financial position

as at 31 March 2023

	Notes	2023 £000	2022 £000
Non current assets			
Intangible assets	6	941	924
Trade and other receivables	8	53,981	51,672
Total Non current assets		54,922	52,596
Current assets			
Trade and other receivables	8	31,814	27,720
Cash and cash equivalents		17,321	17,658
Inventory	7	14,285	13,806
Total Current assets		63,420	59,184
Total assets		118,342	111,780
Current liabilities			
Trade and other payables	9	35,803	30,562
Lease liabilities	15	1,518	1,230
Total Current liabilities		37,321	31,792
Non current liabilities			
Borrowings	10	48,853	57,853
Lease liabilities	15	1,997	1,778
Total Non current liabilities		50,850	59,631
Total liabilities		88,171	91,423
Net assets		30,171	20,358
Members' interests			
Members reserves		30,171	20,358
Total members' interests		30,171	20,358

Members' Interests represent the unallocated profits available for discretionary distribution amongst members

These financial statements were approved and authorised for issue by the Board of Directors on 7th August 2023 and signed for and on its behalf by:



Andrew Lockwood
Managing Director

7th August 2023

KCH Interventional Facilities Management LLP
Company registered number: OC412121

Statement of cash flows

for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year		9,814	9,751
Adjustments for:			
Amortisation	6	177	153
Interest paid on lease liabilities	15	27	49
Adjustments for:			
Interest received		(252)	(188)
Interest paid		2,425	1,064
Increase in inventories		(479)	585
Increase in trade and other receivables	8	(4,706)	(2,600)
Increase in trade and other payables	9	5,460	(12,038)
Net cash inflows/(outflows) from operating activities		12,466	(3,224)
Investing activities			
Interest received		252	188
Purchase of Intangible assets		(194)	(562)
Net cash inflows/(outflows) investing activities		58	(374)
Financing activities			
Repayment of loans	10	(9,000)	(5,000)
Drawdown of loans	10	-	15,000
Payment of lease liabilities		(1,408)	(1,490)
Interest paid		(2,452)	(1,114)
Net cash inflows/(outflows) financing activities		(12,860)	7,396
Increase/(decrease) in cash and cash equivalents for the year		(336)	3,798
Cash and cash equivalents at start of year		17,658	13,860
Cash and cash equivalents at end of year		17,321	17,658

Statement of changes in members' interests

for the year ended 31 March 2023

	Members' capital £000	Members' other interests £000
At 1st April 2021	-	10,607
Profit for the year	-	9,751
Total comprehensive income for the year	-	9,751
At 31st March 2022	-	20,358
Profit for the year	-	9,813
Total comprehensive income for the year	-	9,813
At 31st March 2023	-	30,171

Notes to the financial statements

Corporate Information and accounting policies

KCH Interventional Facilities Management LLP is a limited liability partnership incorporated in England and Wales under the Limited Liability Partnership Act 2000. The LLP's registered office is at Unit 1, 129 Coldharbour Lane, London SE5 9NY.

The LLP was incorporated on 3 June 2016 and commenced trading on 1 July 2016. The LLP has two members: King's College Hospital NHS Foundation Trust and KCH Commercial Services Limited.

The principal activity of the LLP is delivering a fully managed support service across all clinical areas of King's College Hospital NHS Foundation Trust.

Statement of compliance

The LLP's financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, as applied to Limited Liability Partnerships.

Going Concern

IAS 1 requires management to undertake an assessment of the LLP's ability to continue as a going concern.

The management board of the LLP ("**Board**") have considered the financial position and prospects of the LLP and have concluded that the accounts should be prepared on a going concern basis. In reaching this conclusion, they have considered the forward looking prospects for the LLP, its long term contract and relationship with the Trust, and the letter of support provided by the Trust to the LLP.

The management board have also considered the current economic conditions specifically (a) the higher than anticipated level of inflation; and (b) the interest rate rises which have to date had a measurable but limited impact on the LLP. Actual inflation experienced by the LLP over the last 12 months was significantly lower than seen in the UK economy. Current forecasts and projections, taking account of potential further rises in interest rates show that the LLP will be able to operate within the level of its current resources.

The financial statements do not include any adjustments that would result if the going concern basis were not appropriate. The Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by LLP to the Trust will continue to be provided in the foreseeable future. While the LLP remains dependent on continuing financial support from King's College Hospital NHS Foundation Trust, the board of the LLP have received confirmation that this will be provided and have prepared their financial statements on a going concern basis.

Accounting policies

The financial statements have been prepared on the historical cost basis.

The LLP's financial statements are presented in Sterling, which is the LLP's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

a) Segmental reporting

The Directors are of the opinion that the LLP is engaged in a single segment of business, being the provision of fully managed support service across all clinical areas of King's College Hospital NHS Foundation Trust.

b) Income

Revenue is principally derived from income from contracts with the LLP's customer for the provision of managed services.

Revenue from the sale of services is recognised when (or as) the LLP completes the performance of services to the customer at the amount to which the LLP expects to be entitled, and all obligations have been fulfilled in relation to the revenue and/or contract.

Depending on whether certain criteria are met, revenue is recognised over time, in a manner that best reflects the LLP's performance, when control of services is transferred to the customer.

Management considers that the services provided under these contracts meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer over time. The series constitutes services provided in distinct time increments and therefore the LLP treats the series of such services as one performance obligation.

c) Leases

The LLP has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated. The details of accounting policies under IFRS 16 are presented below.

The LLP as a lessee

The LLP has applied IFRS 16 for leases using the cumulative catch-up approach and therefore comparative information has not been restated. For any new contracts entered into on or after 1 January 2019, the LLP considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the LLP assesses whether the contract meets three key evaluations which are whether:

- i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the LLP;
- ii. the LLP has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract. The LLP assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The LLP depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The LLP also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the LLP measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the LLP's incremental borrowing rate (the discount rate of 1.27% has been used during the year ended 31 March 2023).

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The LLP has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

In the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included in current and non-current liabilities.

Embedded Leases

Medical equipment purchased and owned by KFM is provided under contract for use by the Trust. Each asset is provided to the Trust for sole use for the full useful life of the asset and all benefits from the right of use accrue to the Trust. The Trust will identify the asset required upfront and will provide specifications to KFM. KFM will not be able to instruct the Trust as to what assets must be acquired for the service. On termination of the service contract, the Trust has the right to purchase the assets at NBV so that the Trust may continue to use them, or to have KFM sell the asset to the service provider at NBV. As the Lessor, under IFRS 16, the contract between KFM and the Trust does contain an embedded lease as the contract conveys the right to control the use of the identified assets for a period of time in exchange for consideration.

Sub-Leases

Medical equipment is leased by KFM and provided by KFM under contract for use by the Trust. Each leased asset is provided to the Trust for the sole use for the duration of the lease and all the benefits of the right of use accrue to the Trust. The Trust will identify the leased asset required upfront and will provide specifications to KFM. KFM will not be able to instruct the Trust as to what leased assets must be acquired for the service. As an intermediate Lessor the contract between KFM and the Trust contains a sub-lease as the contract conveys the right to control of the identified lease during the lease term in exchange for a consideration.

The LLP as a lessor

Contracts are classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

When the LLP is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the LLP's net investment in leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the LLP's net investment outstanding in respect of the leases.

d) Finance income and expenses

Finance costs are comprised of interest expense on borrowings and financial leases.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

e) Other expenses

Operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

f) Right-of-use-Assets

The LLP has recognised £4.9m of right-of-use assets under IFRS 16 during the year ended 31 March 2023 (2022: £4.5m). Right of use assets relating to these leases have been immediately de-recognised as they are provided under subleases to the LLP's parent under finance leases.

g) Intangible Assets*Amortisation*

Intangible assets, which relate wholly to software licences, are included at cost when the service or product is received and are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Useful economic life reflects the period over which an asset is expected to be available for use by the LLP. Any impairments are recognised and booked when relevant. The LLP amortises intangibles over the following useful lives range:

- Software licenses 3 - 10 years

Amortisation is charged monthly, and additions are amortised from the beginning of the month following the date it is brought into use.

h) Inventories

Inventories relate to medical consumables and are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First In, First Out method. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks.

Inventories recognised as an expense during the year ended 31 December 2023 amounted to £95.6m (2022: £89.2m). These were included in 'Direct expenses'.

i) Financial assets

Financial assets are recognised when the LLP becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances with original maturities of three months or less. The LLP has no other investments with banks or bank overdrafts.

Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount.

NHS England adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. NHS England therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and NHS England does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

j) Financial liabilities

Financial liabilities are recognised in the statement of financial position when the LLP becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Trade and other payables

Trade and other payables are recorded at fair value adjusted for transaction costs.

Borrowings

Borrowings are recognised initially at fair value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method.

Lease Liabilities

Lease liability represents KFM's obligation to make lease payments as the lessee.

k) Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

Defined contribution pension plan

Employees who join the LLP directly are automatically contracted into the Aviva group personal pension scheme. This is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which the LLP pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Defined benefit pension scheme

Employees who have been TUPE transferred over to the LLP are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable

participating employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme. The cost to the LLP of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the LLP commits itself to the retirement, regardless of the method of payment.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the Government Financial Reporting Manual (FReM) requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

i. Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

ii. Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The annual report of King's College Hospital NHS Foundation Trust has additional details in respect of the NHS Pension Scheme in note 5 Pension Costs.

I) Provisions

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of a past event, it is probable that the LLP will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

m) Members' drawings

In accordance with the LLP agreement, each member may draw from their current account such sum as the Management Board may determine for an accounting year but not to exceed their share of allocated profits.

n) Subscription and repayment of members' capital

The capital requirements of the partnership are determined by the members and each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is linked to the earnings allocated to that member. No interest is paid on capital.

The current members are King's College Hospital NHS Foundation Trust and KCH Commercial Services Ltd and the profit is allocated in line with their proportion of the capital being 90% and 10% respectfully.

On leaving the partnership, a member's capital is repaid on the following timescale:

The first 5% is repaid three months after the date of approval of the LLP's audited annual accounts for the period in which the leaving date occurred

The remaining 95% is repaid in four equal instalments, each instalment being repaid three months after the date of the previous repayment.

o) Taxation

Income tax

Tax to be paid on the profits arising in the LLP are a tax liability of the members of the LLP and therefore are not included as a tax charge or provision within these financial statements.

Value added tax (VAT)

Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT. Where input tax is not recoverable, VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

p) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LLP, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LLP. A contingent asset is disclosed where an inflow of economic benefits is probable.

q) Significant accounting estimates and judgements

The preparation of the LLP financial statements requires management to make judgements that affect the reported amounts of assets and liabilities.

There were no critical judgements involving estimation uncertainty. Other critical judgements involving the application of the LLP's accounting policies were as follows.

Accounting for medical equipment provided to the LLP's customer under service agreements

Medical equipment is purchased or leased by the LLP and provided to its customer, King's College Hospital NHS Foundation Trust under its service agreements with the Trust. The LLP has concluded that this equipment or right-of-use asset is the subject of a lease or sub-lease which should be accounted for separately from the rest of the service agreement as the equipment is specified within the agreements, the LLP is only able to replace with the agreement of the Trust and the Trust has the ability to operate or direct the LLP to operate in a manner it determines and has the full utility of the equipment during the period of the arrangement. The LLP has also concluded that the lease should be classified as a finance lease based on an analysis of the extent to which risks and rewards incidental to ownership have been transferred and in particular the expectation that an option for the Trust to purchase the equipment at the end of the arrangement would be exercised.

r) Standards adopted during the period

No new accounting standards have been adopted during the reported period.

s) Operating Profit

Operating profit is stated before finance income and finance costs.

Note 2 – Operating revenue

	2023	2022
	£000	£000
King's College Hospitals NHS Foundation Trust	170,979	163,376
Revenue from other customers	8,265	4,208
Total	179,244	167,584

Note 3 – Direct expenses

	2023	2022
	£000	£000
Clinical supplies	69,914	61,292
General supplies	33,402	34,766
Medical and surgical equipment consumables	17,632	17,677
Office and other equipment consumables	4,365	5,189
Services from NHS bodies	9,357	9,199
Services from non-NHS bodies	4,431	4,023
Other direct costs	4,413	4,008
Total	143,514	136,154

Note 4 – Administrative expenses

		2023	2022
		£000	£000
Staff costs	5	19,478	16,307
Legal and professional fees		798	873
Audit fees		58	56
Premises costs		928	731
Amortisation	6	177	153
Other administrative expenses		2,277	2,634
Total		23,716	20,754

The audit fees are for the statutory audit of the LLP's annual report and financial statements.

Note 5 – Staff costs

	2023	2022
	£000	£000
Wages and salaries	16,221	13,304
Agency staff costs	659	854
Social security costs	1,794	1,428
Contributions to pension plans	804	721
Total	19,478	16,307

Average number

	Headcount	Headcount
	2023	2022
Permanent staff	329	295
Agency staff	14	19
Total	343	314

The remuneration of the members of the Management Board of the LLP, who are its key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

Key management personnel remuneration

	2023	2022
	£000	£000
Short-term employee benefits	401	399
Post employment benefits	19	19
Total	420	418

Note 6 – Intangible assets

	Intangible assets £000
At 1st April 2021	615
Additions	815
Disposals	(253)
At 31st March 2022	1,177
Amortisation as at 1st April 2021	100
Charged during the year	153
Accumulated amortisation	253
Net Book Value as at 31st March 2022	924
At 1st April 2022	1,177
Additions	809
Disposals	(615)
At 31st March 2023	1,371
Amortisation as at 1st April 2022	253
Charged during the year	177
Accumulated amortisation	430
Net Book Value as at 31st March 2023	941
Asset financing	
Owned	941
Total	941

Note 7 – Inventories

	2023	2022
	£000	£000
Pharmacy drugs	988	1,003
Medical consumables	13,297	12,803
Total	14,285	13,806

Note 8 – Trade and other receivables

	Current	Non Current	Current	Non Current
	2023	2023	2022	2022
	£000	£000	£000	£000
Amounts owed by group companies	3,839	-	5,913	-
Other receivables	1,463	-	415	-
VAT receivables	246	-	-	-
Finance leases receivables - embedded	10,310	51,984	8,687	49,895
Finance leases receivables - subleases	1,518	1,997	1,230	1,778
Prepayments	2,841	-	2,062	-
Amount accrued for group companies	11,597	-	9,413	-
Total	31,814	53,981	27,720	51,672

Note 9 – Trade and other payables

	Current	Non Current	Current	Non Current
	2023	2023	2022	2022
	£000	£000	£000	£000
Amount owed to group companies	4,417	-	5,327	-
Trade payables	15,251	-	10,159	-
Other payables	900	-	598	-
VAT payables	-	-	2,252	-
Amount accrued to group companies	455	-	739	-
Other accruals	14,780	-	11,487	-
Total	35,803	-	30,562	-

Note 10 – Borrowings

	Current 2023 £000	Non Current 2023 £000	Current 2022 £000	Non Current 2022 £000
As at 1st April	-	57,853	-	47,853
Loan drawdown	-	-	-	15,000
Loan repayments	-	(9,000)	-	(5,000)
As at 31st March	-	48,853	-	57,853

Maturity analysis:

	2023 £000	2022 £000
Within one year	-	-
Between one and five years	48,853	57,853
After five years	-	-
Total	48,853	57,853

The LLP has a revolving loan facility with King's College Hospital NHS Foundation Trust under which it can borrow up to £80m. The loan facility is available solely for funding asset and stock purchases and the interest rate is Bank of England base rate plus 2%.

The loan is repayable in full on 31 March 2027.

Note 11 – Finance lease receivables**Leases**

	2023 £000	2022 £000
Future finance income analysed as:		
Recoverable after 12 months	55,010	51,142
Recoverable within 12 months	10,911	8,905
Total	65,921	60,047
Less unearned finance income:	3,626	1,465
Net investment	62,295	58,582

	2023 £000	2022 £000
Net investment in the lease analysed as:		
Recoverable after 12 months	51,984	49,895
Recoverable within 12 months	10,311	8,687
Total	62,295	58,582

Sub leases

	2023	2022
	£000	£000
Future finance income analysed as:		
Recoverable after 12 months	2,114	1,822
Recoverable within 12 months	1,606	1,261
Total	3,720	3,083
Less unearned finance income:	205	75
Net investment	3,515	3,008

	2023	2022
	£000	£000
Net investment in the lease analysed as:		
Recoverable after 12 months	1,997	1,778
Recoverable within 12 months	1,518	1,230
Total	3,515	3,008

Disclosures required by IFRS 16

Finance lease receivables relate to equipment provided under the LLP's service agreements with its primary customer. Further information is provided in Note 1q. Under the LLP's contractual arrangements with its parent, the full residual value risk is transferred. On termination of its service agreement, the LLP considers that it is likely that the Trust would exercise its option to purchase the equipment.

In the reporting period in line with IFRS 16, equipment leased by the LLP and provided under the same service agreement to the parent under similar terms to other equipment provided under the service agreement has been initially recognised as a right-of-use asset and that asset immediately derecognised as the sublease has been classified as a finance lease. The recognition of finance lease receivables under subleases is in respect of the application of IFRS 16 only.

Amounts receivable under finance leases

	2023	2022
	£000	£000
Within one year	10,911	8,905
Between one and five years	36,745	31,883
After five years	18,264	19,258
Total	65,920	60,046
Less unearned finance income:	3,625	1,464
Net investment in finance leases	62,295	58,582

Note 12 – Financial assets and liabilities

	2023	2022
	£000	£000
Assets		
Trade and other receivables	82,708	77,331
Cash and cash equivalents	17,321	17,658
Total assets	100,029	94,989
Liabilities		
Trade and other payables	35,803	28,310
Borrowings	48,853	57,853
Total liabilities	84,656	86,163

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

The LLP is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LLP in undertaking its activities.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the LLP causing it to incur a loss. In the normal of course of business, exposure to credit risk arises from cash with banks, investments, trade receivables and other receivables. For each of these the maximum credit exposure is represented by the carrying amount in the statement of the financial position.

The LLP's cash assets are held within the Government Banking Service and the LLP does not hold investments other than cash.

The LLP has assessed the credit risk receivables as low risk as the LLP's trade receivables are primarily from King's College Hospital NHS Foundation Trust which is a government funded organisation.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty raising liquid funds to meet commitments as they fall due. The LLP mostly manages liquidity risk by continuously monitoring forecast cash flow requirements and management of the revolving loan facility with King's College Hospital.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. Information on the terms of the loan from King's College Hospital NHS Foundation Trust is disclosed in Note 10.

Note 13 – Related party transactions

Organisation	Expenditure to related parties £000	Income from related parties £000	Amounts owed to related party £000	Amounts due from related party £000
2023				
King's College Hospital NHS Foundation Trust	13,029	170,979	53,726	77,730
KCH Commercial Services Ltd				
Total	13,029	170,979	53,726	77,730
2022				
King's College Hospital NHS Foundation Trust	15,247	163,376	63,919	73,908
KCH Commercial Services Ltd				
Total	15,247	163,376	63,919	73,908

Note 14 - Ultimate controlling party

The LLP is controlled by King's College Hospital NHS Foundation Trust as a subsidiary. King's College Hospital NHS Foundation Trust is a body corporate established by the order of the Secretary of State for Health. The Department of Health and Social Care is the Trust's parent department and ultimate controlling party. The consolidated financial statements of King's College Hospital are available from King's College Hospital, Denmark Hill, London, SE5 9RS, which is the registered address.

Note 15 – Lease liabilities

Obligations under IFRS 16 - Leases where KCH Interventional Facilities Management LLP is the lessee.

Disclosures required by IFRS 16**Amounts recognised in the Statement of Financial Position**

	Current 2023 £000	Non Current 2023 £000	Current 2022 £000	Non Current 2022 £000
Lease liabilities	1,518	1,997	1,230	1,778
Total	1,518	1,997	1,230	1,778

Maturity analysis:

	2023 £000	2022 £000
Within one year	1,544	1,262
Between one and five years	2,024	1,755
After five years	-	57
Total	3,568	3,074

Amounts recognised in the Statement of Comprehensive Income

	2023 £000	2022 £000
Interest on lease liabilities	27	49
Total	27	49

Leases disclosed are equipment lease commitments of the LLP. Leases have renewal or purchase options and escalation clauses.

There are no restrictions imposed on lease arrangements, such as those concerning dividends, additional debt, and further leasing.

Note 16 – Changes in liabilities arising from financing activities

The table below details changes in the LLP's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the LLP's cash flow statement as cash flows from financing activities.

	At 1st April 2021	Non-cash changes: new leases	Other non- cash changes	Financing cash flows	At 31st March 2022	Non-cash changes: new leases	Other non- cash changes	Financing cash flows	At 31st March 2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowings	47,853	-	-	10,000	57,853	-	-	(9,000)	48,853
Lease liabilities	3,556	943	-	(1,491)	3,008	242	1,673	(1,408)	3,515
Total	51,409	943	-	8,509	60,861	242	1,673	(10,408)	52,368

The cash flows from loans from the LLP's parent are made up of the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement. The cash flows from leases relate to the repayment of lease liabilities in the cash flow statement.

Note 17 – Events after the reporting date

The Members are not aware of any events that have arisen since the end of the year and to the date of this report which have affected or may significantly affect the operations and finances of the LLP.