



**Synnovis Group LLP  
(formerly known as Viapath Group LLP)**

**Annual Report & Financial Statements  
For the year ended 31 December 2021**

**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: Synnovis Group LLP (formerly known as Viapath Group LLP)  
Francis House  
9 King's Head Yard  
London  
SE1 1NA

Designated Members: Labco UK Group Limited (registered number 09632108) (from 31 March 2021)  
Pathology Services Limited (registered number 06593374)  
KCH Commercial Services Limited (registered number 06023863)

Banker: HSBC Bank plc  
2<sup>nd</sup> Floor, Space One  
1 Beadon Road  
London  
W6 0EA

Auditor: Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

## **Summary Information**

### **For the year to 31 December 2021**

#### **About Us**

On 29 September 2022, Viapath Group LLP, Viapath Analytics LLP and Viapath Services LLP changed their names to Synnovis Group LLP, Synnovis Analytics LLP and Synnovis Services LLP respectively. All references to Synnovis within these accounts should be taken as referring to Viapath in prior years.

Since its inception in 2009, Synnovis Group LLP ('Synnovis') 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 and most comprehensive laboratory services in the UK. Synnovis has world-renowned specialist laboratories at the leading edge of innovation supporting cancer care, genomics and transplant medicine. In 2021, Synnovis performed 22.3 million (2020: 18.9 million) tests for around 800 customers, including 0.7 million (2020: 0.5 million) COVID-19 tests, 90.0% (2020: 78.3%) of which were in support of the NHS response to the pandemic. The partnership reinvests millions of pounds annually in growth, modernisation, training and development, and innovation.

#### **Synnovis Group LLP Structure**

Synnovis Group LLP ('Synnovis') is the majority stake-holding partner of Synnovis Analytics LLP and Synnovis Services LLP holding 99.97% of each subsidiary entity. As of 1 January 2021, minority partners were KCH Commercial Services Ltd (KCS) and Pathology Services Ltd (PSL) each holding 0.015% share.

On 31 March 2021 Labco UK Group Limited (the representative statutory entity for SYNLAB International GmbH) purchased a 51% share of Synnovis Group LLP being 51% of each of KCS's and PSL's share in the entity thus reducing their respective holdings from 50% to 24.5% each. In addition, Labco UK Group Limited purchased 33.33% of KCS's and PSL's interest in each of Synnovis Analytics and Synnovis Services (being 0.005% of the total interest in each of Synnovis Analytics and Synnovis Services). From 31 March 2021, Synnovis Group LLP became a controlled entity of Labco UK Group Limited. The largest and smallest group which includes the partnership and for which group financial statements are prepared is SYNLAB International GmbH, registered at Moosacher Strasse 88, 80809 Munich, Germany. In the opinion of the directors of Labco UK Group Limited, the Partnership's ultimate controlling party is SYNLAB AG, registered at Moosacher Strasse 88, 80809 Munich, Germany, which floated on the Frankfurt Stock Exchange on 30 April 2021. Financial statements for SYNLAB entities are available from the registered office of SYNLAB UK & Ireland, at Francis House, 9 King's Head Yard, London SE1 1NA.

The consolidated financial statements of the Synnovis group of partnerships include the balances of Synnovis Analytics LLP (SA) registration number OC392043 and Synnovis Services LLP (SS) registration number OC392044. Synnovis Group LLP has guaranteed the liabilities of SA and SS under Sections 479A and C of the Companies Act 2006 (as amended). As such, SA and SS are exempted from the audit of their financial statements for the financial year 2021.

## **Chairman's Report**

### **For the year to 31 December 2021**

2021 was another year of immense change for the world and in particular the healthcare system that Synnovis serves. Synnovis continued to be at the forefront of the national response to the pandemic, continuing to provide significant COVID testing capacity and working with our primary NHS Trust customers to ensure testing was available not only to their patients but also the wider healthcare community. In addition, our core volumes started to return to pre-pandemic levels as the NHS began resuming normal service levels as well as beginning to tackle the waiting list backlogs.

1 April 2021 saw the commencement of the Our Healthier South East London Integrated Care System (OHSELICS) contracts to supply pathology test and laboratory services to King's College Hospital NHS Foundation Trust (KCH) and Guy's & St Thomas' NHS Foundation Trust (GSTT) as awarded in January 2020 to SYNLAB International GmbH (SYNLAB), the leading pan-European clinical laboratory and medical diagnostic services provider. As a result of this exercise, KCH Commercial Services Ltd (KCS) and Pathology Services Ltd (PSL) agreed to sell 51% of the Synnovis Joint Venture to Labco UK Group limited, a subsidiary of SYNLAB, on 31 March 21 to coincide with the commencement of the new contracts. On behalf of the Board, I would like to welcome SYNLAB to the partnership and I look forward to working with them to deliver on the commitments made in the new contracts and to develop the business further.

This prospective 15-year partnership emphasises SYNLAB's commitment to medical and operational excellence across the entire field of medical diagnostics. Building on the NHS' long-standing reputation as a trusted provider of public healthcare services, SYNLAB brings international capabilities and scientific expertise to further improve medical diagnostic services for patients. In the scope of the partnership, SYNLAB through Synnovis will transform services by implementing a 'hub and spoke' pathology model. This includes building state-of-the-art laboratories and implementing cutting edge IT systems, directly linking laboratories with clinical sites. This will not just enable faster testing services but will also significantly improve access to a comprehensive offering of medical diagnostic services.

During 2021, the ongoing COVID NHS testing and increasing core NHS volumes were complemented by strong first half year COVID testing volumes for the private sector, although always reserving priority testing for NHS customers. In addition, the first contractual milestones were met by onboarding the Trusts' ultra-specialist services and Bexley, Greenwich and Lewisham primary care services, in May and November respectively. This resulted in a significant growth in revenue of 27.8%. Operating profit was 5.8%, up from 5.4%, a satisfactory result for the year.

Synnovis is an organisation where our people and patients are at the heart of what we do, connected to our purpose of delivering a positive difference to life, health and wellbeing through science, innovation, and high-quality diagnostics. In 2021, we saw a number of challenges, in particular the ongoing pandemic and the pressure this put on our front-line services and teams. Nevertheless, all our staff pulled together with an incredible show of strength in our values - doing the right thing and collaborating - that demonstrated how important it was to us all to continue to deliver high quality pathology services.

Science and innovation are central to achieving our purpose and we are proud that three Synnovis scientists were recognised at the 2021 SYNLAB International Medical Excellence Awards for their innovation and creativity in advancing diagnostic and testing technology. Awards were given for the development of testing in a range of disciplines from Molecular Genetics to Infection and Biomedical Sciences that saw advancements in prenatal sickle cell disease testing, same day respiratory infection testing and machine automation of interpretation of plasma amino acid profiles. All of this demonstrates the vast range of innovation that is happening every day within our laboratories for the advancement of patient diagnostics and testing for better patient outcomes.

2021 has been a busy year for developing our employees, with advancements in our Learning & Development offering having joined the Synnovis and SYNLAB teams together leading to a broader offering for Synnovis covering leadership, resilience, wellbeing, diversity and inclusion, and customer centricity.

We have also continued to commit to our scientific and non-scientific career pathways including Continuous Professional Development (CPD) and the Synnovis career development programme, whilst also investing in over 30 Scientific Leaders qualifications and 17 IBMS registrations and developing our external talent pipeline with 32 apprentices and 29 work experience candidates.

## **Chairman's Report (continued)**

During 2022 there is further opportunity to enhance our patient services through our ongoing commitment to developing our employees, investing in innovation and growth, and enhancing our culture and employee engagement as we become further integrated within the wider SYNLAB family.

**Dr David Bennett**

## **Strategic Report**

### **For the year to 31 December 2021**

On 29 September 2022, Viapath Group LLP, Viapath Analytics LLP and Viapath Services LLP changed their names to Synnovis Group LLP, Synnovis Analytics LLP and Synnovis Services LLP respectively. All references to Synnovis within these accounts should be taken as referring to Viapath in prior years.

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**

1 April 2021 saw the commencement of the Our Healthier South East London Integrated Care System (OHSELICS) contracts, also known as the South East London (SEL) contracts and referred to as such in this report. The SEL contracts are for the supply of pathology testing and pathology laboratory services to GSTT, KCH and other key parties, as awarded in January 2020 to SYNLAB International GmbH (SYNLAB), the leading pan-European clinical laboratory and medical diagnostic services provider.

As a result of this exercise, KCH Commercial Services Ltd (KCS) and Pathology Services Ltd (PSL) agreed to sell 51% of the Synnovis Joint Venture to Labco UK Group Limited, a subsidiary of SYNLAB, on 31 March 21 to coincide with the commencement of the new contracts. Synnovis' previous 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) were extended from 1 October 2020 to 31 March 2021. GSTT and KCH are primary parties in the SEL. The SEL contracts also deliver pathology testing and pathology laboratory services to South London and Maudsley NHS Foundation Trust, Oxleas NHS Foundation Trust, as well as GPs within the South East London Integrated Care System.

The new contracts have a 15-year term plus a 5-year extension period and confirm the long-term future of the Synnovis group as the delivery partner for pathology services and pathology laboratory services to South East London and beyond.

To fulfil the current and future contracts, SYNLAB bought into the Synnovis joint venture entities. The SYNLAB buy-in was completed on 31 March 2021 and the new customer contracts between Synnovis and commissioning Trusts within the SEL for delivery of services commenced on 1 April 2021. The balance of the Member loans totalling £5.7m due to the two remaining Members, PSL and KCS, were re-paid on 31 March 2021, along with a profit distribution of £7.0m split equally between each Member.

During the year, 70 employees TUPE transferred from KCH to Synnovis Analytics LLP. These employees work in the laboratories known as Ultra-Specialist Services (USS) and were not part of the original 2009 contracts but now fall within the scope of the new SEL contracts.

### **COVID-19**

Synnovis' pathology and laboratory services have been at the forefront of supporting Public Health England (PHE) and the NHS to manage the COVID-19 pandemic. Since 2020, Synnovis has built up its testing capacity to meet the needs of the healthcare system, at one-point accounting for 20% of the entire NHS England testing capacity. The scale-up of testing enabled Synnovis to extend its outreach to care homes, pre-operative patients, hospitality, travel, and sporting associations and implemented one of the UK's first COVID-19 rapid testing services.

During 2021, the ongoing pandemic resulted in 289 (2020: 598) employees needing to self-isolate and those able to work from home were asked to do so, in accordance with relevant UK government guidelines in place

## Strategic Report (continued)

at the time. The disruption has been effectively managed with no impact on patients, as outlined in more detail under the Business Risk review starting on page 12. During the year, a total of 36 (2020: 70) clinically extremely vulnerable employees were furloughed due to the need to self-isolate.

### Brexit Impact

Brexit had a minimal effect on Synnovis in 2021, with no impact on the delivery of its pathology or laboratory services. Synnovis had taken prompt action to ensure its non-British EU workforce were aware of the action they needed to take to remain in the UK after the end of the transition period by signposting EU Settlement scheme information and funding EU Settlement Status claims.

### Year End Results

The results for the year ended 31 December 2021 are shown in the primary statements from page 22 to 24, while the notes supporting the statements are shown from page 25. The Members believe that these results appropriately reflect Synnovis' activities during the year.

A summary of key financial results for the year ended 31 December 2021 is set out in the table below and discussed in this section:

	2021	2020
Revenue (£ '000)	<b>173,927</b>	136,106
Operating Profit (£ '000)	<b>10,087</b>	7,365
Adjusted EBITDA before IFRS 16 (£ '000) (see note 5)	<b>14,383</b>	10,554
Adjusted EBITDA after IFRS 16 (£ '000) (see note 5)	<b>24,810</b>	15,545
Total assets (£ '000)	<b>162,458</b>	69,670
Gross Profit percentage	<b>34.5%</b>	29.9%
Return on Capital Employed (Operating Profit / Total Assets)	<b>6.1%</b>	10.6%

Revenue in 2021 increased by 27.8% compared to prior year. Synnovis experienced an underperformance in several key laboratories as the pandemic continued, but revenue was more than made good by COVID-19 testing which continued throughout the year.

The Return on Capital Employed (ROCE) has decreased due to the taking on of a long-term lease on Friars Bridge Court, the 'Hub' building. Excluding the Hub lease the ROCE was 11.7%.

### Capital Expenditure

In 2021, capital projects were resumed with a great emphasis on the Hub and various transformation projects. Synnovis continued to invest in lab equipment and supporting infrastructure, committing £1.1m (2020: £1.0m) of capital to replace current equipment and invest in new assets. During the year, the SAP replacement project was completed and Synnovis successfully migrated to the new ERP system.

### Employees

Employee turnover in the 12 months to 31 December 2021 was 20% (2020: 13%).

### Adjusted EBITDA before IFRS 16

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



## Strategic Report (continued)

### Section 172 Statement

The Members are aware of their duties under Section 172 of the Companies Act 2006 which outlines their responsibility to promote the success of the partnership for the benefits of its stakeholders and employees, and in doing so have regard (amongst other matters) to:

#### a) The likely consequences of any decision in the long term

The driving force behind any long-term decision at Synnovis is strongly rooted in the patient pathway. The business review and business changes outlined on page 7, detail Synnovis' assessment of its current and future challenges.

#### b) The interests of the partnership's employees

Synnovis' workforce is a fundamental asset to the organisation and so learning and development is key to delivering high quality and relevant services. In 2021 Synnovis made advancements in its Learning & Development (L&D) offering, having joined the Synnovis and SYNLAB UK teams together, leading to a broader offering across Synnovis, focused on leadership, resilience, wellbeing, diversity and inclusion and customer centricity. Synnovis has continued to commit to its scientific and non-scientific career pathways including growing internal talent with its Future Leaders in Innovation, CPD and Synnovis Career Development Programme, whilst also investing in over 30 Scientific Leaders qualifications and 17 IBMS registrations. Synnovis has further developed its external talent pipeline with 32 apprentices and 29 work experience candidates.

During the year, 1,222 delegates attended training courses and 112 internal development courses were held. The Scientific Learning and Development Fund (SLDF) saw £50k invested into the workforce, enabling the completion of qualifications such as FRCPath, PgC, MBA, MSc and PhD. All internal training was delivered digitally, and the L&D Team created a Virtual Learning portal of e-learning resources. An on-line library was created enabling 1,400 audio and e-books to be downloaded, and a mentoring platform was introduced. Synnovis maintains an ethical culture and environment to underpin its business values. High standards of behaviour, employee engagement and empowerment with accountability are maintained to allow the excellence in its services to flourish.

#### c) The need to foster the partnership's relationships with suppliers, customers and others

Synnovis has a dedicated purchasing and supply chain team which is a function of Synnovis Services LLP. They are responsible for supplier selection, efficiency and effective processes, sustainability in the supply chain and maintaining positive relationships with suppliers. Synnovis' principal customers are the partners to the SEL contracts, and it has approximately 800 other third-party customers including clinicians, specialist commissioners and GPs, as well as private hospitals and other businesses. The contribution from these customers is detailed in the primary statements.

#### d) The impact of the partnership's operations on the community and the environment

The need to reduce the amount of carbon emissions produced by businesses is widely recognised, and Synnovis has actively sought opportunities to reduce pollution in London and the South East. In 2021, Synnovis continued the use of cargo bikes for some inter-site deliveries. The lighting at Synnovis' head office Francis House is controlled by movement sensors to reduce unnecessary electricity usage. Printing paper use has been reduced significantly wherever possible and approximately 87% of test requests from primary care customers were made electronically. Meetings are mainly held via video-conferencing platforms, reducing the need for travel. Hybrid working has also helped reduce the need for non-laboratory-based employees to come to an office building. Green energy is in use at Francis House and the Hub design is being maximised for energy efficiency.

#### e) The desirability of the partnership maintaining a reputation for high standards of conduct

Synnovis has an effective governance system that ensures accountability and provides internal and external assurance through reliable and relevant evidence. The Corporate Governance section below provides an overview of the assurance 'from Bench to Board.'

#### f) The need to act fairly between Members of the partnership

The Members' Agreement enshrines duties of utmost good faith to the LLP and to each other Member in carrying out the business of the LLP.

## Strategic Report (continued)

### Streamlined Energy and Carbon Reporting Regulations (SECR)

The UK government has mandated Streamlined Energy and Carbon Reporting (SECR) to help address organisational impact on climate change. Synnovis is therefore required to report annually its carbon emissions and energy consumption. The reporting framework is intended to encourage the implementation of energy efficiency measures, with both economic and environmental benefits, supporting companies in cutting costs and improving productivity at the same time as reducing carbon emissions. Synnovis has adopted operational control as the boundary framework for ascertaining responsibility for SECR reporting.

Synnovis laboratories are located at GSTT and KCH NHS Trust premises. The use of utilities and energy systems used by the laboratories fall within the Trust Services Agreements (TSA) held with the Trusts. Under the Trusts' obligations to the government's CRC scheme (carbon cap and trade), the Trusts are expected to manage overall energy consumption to avoid financial penalties through the purchase of CO<sub>2</sub> allowances. The Trusts may also be required to comply with future energy and emissions-related commitments or obligations. The TSAs stipulate a set fee for utilities, electricity, gas and water regardless of usage, and therefore it is the Trusts who are responsible for monitoring the emissions within their premises.

Synnovis' head office Francis House, where around 200 employees work on a 'hot-desk' basis, has a lease agreement in place, whereby Synnovis' service charge is based on the building's square footage and utility bills. The gas and electricity use and the associated greenhouse gas (GHG) emissions for Francis House are detailed in the table below. Synnovis can monitor emissions from fuel for transport purposes through the business mileage claimed by its employees through expenses. Synnovis has no company-owned vehicles. Although the use of public transport is encouraged, it can be appropriate for employees working anti-social hours (shift work) to use their own vehicle. In addition, during the ongoing pandemic, many employees felt uncomfortable sharing transport to work with others. As a front-line service, Synnovis has supported its employees if they wish to use their own transport during the pandemic so as not to jeopardise key service provision. The electricity used in Francis House is sourced from renewable energy. It is planned that the Hub building will not use gas power when operational.

In April 2021, Synnovis signed a lease on Friars Bridge Court (the 'Hub' building). Preliminary works have been carried out in 2021 and planning permission for full development is being sought in 2022.

The tables below detail Synnovis' energy use from electricity, gas and transport fuel, and the associated GHG emissions in 2021.

#### Scope 1 – Emissions from combustion gas and fuel for transport purposes

Energy Source	Location	2021	2021	2021	2020	2020	2020
		Consumption (kWh)	Emissions (tCO <sub>2</sub> e)	Intensity Ratio	Consumption (kWh)	Emissions (tCO <sub>2</sub> e)	Intensity Ratio
Gas	Francis House	138,091 kWh	25.29	0.0213402	65,789	12.10	0.0102063

There was no gas usage at Friars Bridge Court (Hub) building in 2021.

**Strategic Report (continued)****Scope 2 – Emissions from purchased electricity**

		2021	2021	2021	2020	2020	2020
Energy Source	Location	Consumption (kWh)	Emissions (tCO <sub>2</sub> e)	Intensity Ratio	Consumption (kWh)	Emissions (tCO <sub>2</sub> e)	Intensity Ratio
Electricity	Francis House	245,880	52.21	0.004092	225,365	52.54	0.004118
Electricity	Friars Bridge Court (Hub)	430,051	91.31	0.007134	-	-	-

Friars Bridge Court (Hub) building lease commenced in April 2021.

**Scope 3 – Other indirect emissions**

		2021	2021	2021	2020	2020	2020
Energy Source	Location	Consumption (miles)	Emissions (tCO <sub>2</sub> e)	Intensity Ratio	Consumption (miles)	Emissions (tCO <sub>2</sub> e)	Intensity Ratio
Transport	Various	10,119	2.45	0.000075	26,446	6.38	0.000195

*\*Transport is defined as business miles travelled, based on reimbursed fuel expenses to employees.*

*\*\*Intensity Ratio. The gas and electricity intensity ratios are measured by tCO<sub>2</sub>e/square metres of floor space. The transport intensity ratio is calculated using tCO<sub>2</sub>e/revenue. This is a financial indicator to allow comparison over time.*

The above calculations are based on actual energy bills and actual mileage.

No gas was in use at Friars Bridge Court in 2021.

A partnership-wide group has been created to consider Environmental, Social and Governance (ESG) issues, increase awareness and create plans to reduce the partnership's carbon footprint in line with UK Government targets.

## Strategic Report (continued)

### Principal Risks and Uncertainties

#### Business Risk

Synnovis 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 was 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.

The business changes, linked to the award of the SEL contracts, will result in the creation of a laboratory Hub at Friars Bridge Court in London, currently planned to go live in 2024, with some services remaining on Trust customer sites to meet the needs of the clinical process. This model will enable the provision of further enhancements for the benefit of its customers' patients as well as enabling efficiency improvements, thus enhancing the future operating model.

In line with the additional guidance provided by the Financial Reporting Council, Synnovis has continued to consider the specific impacts that the COVID-19 pandemic causes the business:

- 1. Interruptions of production** – whilst there are some limitations to availability of reagents and other consumables, as the pathology provider to two of London's teaching hospitals and being an integral part of the national testing system, Synnovis is well placed to continue to receive supplies and has seen little disruption to its services during the year.
- 2. Supply chain disruptions** – with long-standing relationships with a diversified supply chain and, as part of the national testing system, together with the support of its NHS Trust customers, Synnovis is well placed to continue to receive essential supplies.
- 3. Unavailability of personnel** – self-isolation levels at their peak have been high, however Synnovis has sufficient resource using shifts and locums to continue to provide the services to its customers.
- 4. Reductions in sales, earnings, or productivity** – as a major provider of COVID-19 testing Synnovis generated significant revenues from the supply of these tests which helped compensate for the reduction in referral test revenue. As part of the NHS pathology system Synnovis successfully worked with NHS England and many NHS Trust customers to ensure that, despite the reduced demand for referral services during this period, it was supported to maintain its service to meet the long-term requirements of the healthcare system. Demand from third party commercial customers for COVID-19 testing further contributed to increased revenue.
- 5. Closure of facilities and stores** – Synnovis continued to operate throughout the period of disruption and had no need nor any expectation of needing to permanently close any facilities.
- 6. Inability to raise financing** – Synnovis was provided with an agreed loan extension from GSTT and KCH (fully repaid in March 2021) and Synnovis does not expect to require any additional financing. From 1 April 2021 SYNLAB Group is required to provide any financing required by Synnovis.

#### Interest Rate Risk

Synnovis was exposed to interest rate risk on funding from its Members, with the risk reducing as loans were repaid. The total loans outstanding at 31 December 2020 were £5.69m. Of this sum, £3.27m related to cash loans repayable to GSTT (£1.23m) and KCH (£2.04m). Both Members took full repayment of those loans on 31 March 2021 and the resulting loan balance reduced to nil. During the period of those loans, interest was paid on the loans at 2% above LIBOR relating to three-month deposits. There were no other borrowings or bank overdrafts during the year or subsequently.

#### Credit Risk

Synnovis' principal financial assets are trade and other receivables. An amount of trade debt is above Synnovis' standard 30-day contractual terms (see note 10). However, as 93.2% by value (2020: 93.9%) of these customers are NHS organisations and therefore regulated by NHS Improvement and largely government funded, the Members do not consider the credit risk exposure of these customers to be

## Strategic Report (continued)

significant. Furthermore, the two main customers that account for the large majority of receivables are part-owners of Synnovis.

Synnovis 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, Synnovis had two major public sector customers and approximately 800 smaller public sector and commercial customers.

### Liquidity Risk

Synnovis received funding from its Members and has no other borrowings. All remaining loans were repaid on 31 March 2021 and on that date the loans held by Synnovis were reduced to nil. The partnership continues to benefit from the support of its Members, who make regular payments, supporting 87% of total revenue. The Members, therefore, do not consider that Synnovis is exposed to significant liquidity risk.

### Inflation Risk

Synnovis is subject to inflationary pressures on salary costs, principally within Synnovis Analytics, and consumables and reagents within Synnovis Services. Within Synnovis Analytics, the revenue contracts that support the business are index-linked to 'Average Weekly Earnings (AWE) public sector health and social work'. Within Synnovis Services, the supplier contracts are largely inflated on a specific percentage, including some which have no uplift for the duration of the contract period. To support the business, a CPI-based inflationary uplift is allowed in the customer contracts. Gas and electricity costs on the Trust sites are inflated by CPI, as are the revenue contracts that support the business. As the partnership is largely able to recover inflationary uplifts via its pricing mechanisms, the Members therefore do not consider that Synnovis is exposed to material inflationary risk.

### War in Ukraine

Synnovis acknowledges the continued geopolitical situation in Eastern Europe with Russia's invasion of Ukraine. Such an event has far-reaching consequences, however for the purposes of the preparation of these financial statements Synnovis has considered specific risks to supply chain including inflation. The supply chain is shielded as most supplies arrive from UK-based vendors, with some from EU and a small number from USA. The EU suppliers have not suffered significant disruption to date, with some changing their sources of raw materials to other geographies. The Category Management team is in regular contact with key suppliers. Most laboratory supplies have more than one potential supplier source. From an inflation perspective, due to the nature of Synnovis' customer contracts, the partnership is largely able to recover inflationary uplifts through its revenue contracts and so the business is sheltered from this impact. The Members therefore do not consider that there is any significant impact on its business or operations.

### Going Concern

In assessing Synnovis' ability to continue to trade as a going concern, the members considered the outcome of the conclusion of the SEL procurement process together with the impact of the COVID-19 pandemic and changes to the market. As per the outcome of the SEL tender, SYNLAB was selected as the preferred partner to deliver and transform pathology services across South East London. SYNLAB bought into the Synnovis joint venture on 31 March 2021, with the intent to continue its operations and thereby becoming a partner to KCS and PSL. The decision to buy into the joint venture was backed by a detailed due diligence process together with a 15-year business plan.

SYNLAB's decision to buy into Synnovis secures the partnership's future financial viability for at least the initial 15-year period of the contracts. Furthermore, the Members agree and acknowledge that the SYNLAB Funding Commitment may be satisfied by SYNLAB Group by way of capital contribution to the LLP and/or its Subsidiaries, debt finance or by such other means as it may reasonably determine. SYNLAB's Funding Commitment to Synnovis is enshrined within the Members' Agreement underpinning the partnership.

Whilst the global economy has been substantially adversely affected by COVID-19, management has proven that Synnovis offers an extremely strong product in the market. This has been emphasised through generating

## Strategic Report (continued)

significant revenues from COVID testing, resulting in consistently high levels of EBITDA during the pandemic. In the longer term, with the backing and expertise of two of London's leading teaching hospitals, now combined with SYNLAB, Europe's largest medical diagnostics provider, management believes that Synnovis will remain at the forefront of pathology provision in the UK. The mix of customers is dominated by the two member Trusts - GSTT & KCH through the SEL agreement. The new contracts between the SEL and SYNLAB, through its new majority owned entity Synnovis, allow for higher prices for the existing services in the three years prior to the creation of the Hub, together with an extension of services to the Bexley, Greenwich and Lewisham Clinical Commissioning Groups, and additional services for KCH for the previously excluded laboratories and further phlebotomy services, all of which will result in additional revenue and financial certainty for Synnovis. In consideration of the relevant specific points identified by the FRC, Synnovis believes it is in a strong position to continue to trade, as outlined in the six points below:

**1. Interruptions of production** – whilst there have been some limitations to availability of reagents and consumables, as the pathology provider to two of London's teaching hospitals and now backed by Europe's largest medical diagnostics provider, Synnovis is well placed to continue to receive supplies as has proven to be the case throughout the pandemic. Disruptions caused by analyser down-time are kept to a minimum, with the Pathology Equipment Support (PES) team in Synnovis Services maintaining equipment to a high standard.

**2. Supply chain disruptions** – as stated above, Synnovis is well placed to continue to receive essential supplies and has a diversified supply chain including multiple separate suppliers of the reagents required for COVID-19 testing.

**3. Unavailability of personnel** – whilst there remains a shortage of scientifically qualified staff in the UK Synnovis has a proven track record of recruiting and retaining sufficient resource to continue to provide the services to its customers.

**4. Reductions in sales, earnings, or productivity** – the new contract has higher pricing from April 2021 until 2024 after which approximately 70% of testing is due to be conducted in the new Hub. Since April 2021, NHS England has encouraged all trusts to increase activity even above pre-COVID levels to try and reduce waiting lists created by the pandemic. Volumes are therefore expected to return to at least 100% if not higher than pre-COVID levels. In addition to the relative certainty of revenue from the SEL contracts, COVID testing for non-healthcare customers generated an additional revenue stream of £0.7m per month during 2021.

As a provider of pathology and pathology laboratory services to the healthcare system and the NHS, as demonstrated both before and during the pandemic, Synnovis has reasonable certainty of its revenue streams. As Synnovis' customer base predominately consists of NHS trusts the customers can reasonably be expected to be in a strong financial position, with the importance of the NHS system having been clearly proven during the crisis.

**5. Closure of facilities and stores** – Synnovis has continued to operate during the period of COVID disruption and has no expectation of needing to permanently close any facilities.

**6. Inability to raise financing** – under the new Joint Venture agreement from 1 April 2021 SYNLAB Group is required to provide the investment and working capital financing for Synnovis. In view of SYNLAB Group's size and profitability it is considered that SYNLAB would be able to provide all required financing for Synnovis.

The financial position of Synnovis for 2021 is shown on the statement of financial position on page 22 and its cash flows are described in the statement of cash flows on page 24 of the financial statements. The liquidity and financial risk are described above and in addition, note 1 of the financial statements provides details of Synnovis' objectives, policies, and processes for managing its capital and details of its financial instruments. As part of the buy-in all loans were repaid and Synnovis now has no outstanding loan debt.

Based on the above, the Members have a reasonable expectation that Synnovis has adequate resources to continue in operational existence for the foreseeable future, can meet its obligations as they fall due and can operate for at least the next 12 months. The SYNLAB contractual Funding Commitment within the Members' Agreement, together with the facts that Synnovis has no debt and operates within a robust risk management

## Strategic Report (continued)

framework, all contribute to the Members assurance in continuing to adopt the going concern basis in preparing the annual report and financial statements.

### Corporate Governance

#### Overview

The Synnovis Group LLP governance structure during 2021 consisted of the Synnovis 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 the year, on 31 March 2021, membership changed with the buy-in to the partnership by SYNLAB via its Labco UK Group Ltd entity. As at 31 March 2021 the ownership of Synnovis Group LLP became: Labco UK Group Ltd 51%, KCS 24.5% and PSL 24.5%.

#### Synnovis Group LLP Board

The Synnovis 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 owners. The meeting is chaired by the independent Chairman of Synnovis, and attendees are representatives from each of the Members of Synnovis, along with independent Non-Executive Directors, the Synnovis Executive team and the Synnovis 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 Synnovis' affairs. These matters include:

- annual objectives, budget and forecast;
- monitoring delivery of Synnovis' 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. The Board may also choose to delegate day-to-day operational control and management of the business to the SYNLAB Board Members, who may, in turn, delegate such matters to the senior management team as appropriate.

#### Auditor

The Members are not aware of any relevant audit information that has been withheld from Synnovis' external auditors Deloitte LLP and have taken all necessary steps to ensure all information has been passed on to the external auditors where possible.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP has expressed its willingness to continue in office as auditor and appropriate arrangements are being made for Deloitte to be deemed reappointed as auditor in the absence of an Annual General Meeting.

## Strategic Report (continued)

### Synnovis 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 Synnovis, and attendees represent each of the Members. The Synnovis 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 Synnovis executive team. The meeting is chaired by the independent Chairman of Synnovis, and attendees represent each of the Members. The Synnovis 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 Synnovis 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 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. Synnovis 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 PSL representative Member and comprises representatives from the Members along with Synnovis' CEO and CFO.

#### 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 Synnovis Chairman since February 2016. Dougie Dryburgh, appointed 22 October 2016, continued as Synnovis' Chief Executive Officer (CEO) until 31 March 2021. Dougie Dryburgh stood down as CEO following the change of ownership in March and Mark Dollar from SYNLAB has taken on the role. Clive Mosey, appointed 20 November 2017, continued as the Chief Financial Officer (CFO) until 31 May 2021, when he handed over to Nicholas Stopford as Interim CFO. Jamie Blackman took over as permanent CFO on 8 November 2021.

Approved on behalf of the Members by:



Thomas Evans, Deputy Chief Executive Officer & Chief Financial Officer, SYNLAB UK & Ireland  
Dated: 30 September 2022



## Members' Report

### Designated Members and Members' Interests

The Members and ownership share of the Synnovis group of LLPs was changed on 31 March 2021 as follows:

1. Pathology Services Limited (company registered number 6593374), a company registered in England and Wales and having its registered office at Counting House, Guy's Hospital, Great Maze Pond, London, SE1 9RT (51.0%).
2. KCH Commercial Services Limited (company registered number 06023863), a company registered in England and Wales and having its registered office at Unit 2, KCH Business Park, King's College Hospital, Denmark Hill, London, SE5 9RS (24.5%).
3. Labco UK Group Limited (company registered number 09632108), a company registered in England and Wales and having its registered office at Francis House, 9 King's Head Yard, London, SE1 1NA (24.5%).

Prior to this, from 29 May 2020 to 31 March 2021 the membership was Pathology Services Limited 50% and KCH commercial Services Limited 50%.

The LLP was incorporated on 13 May 2008 with number OC337242. Synnovis Analytics LLP and Synnovis Services LLP are majority owned by the LLP, with each Member holding equal minority interests in each of them.

### Principal Activities and Customers

The principal activities of the partnership are the provision of pathology test and pathology laboratory services. The key customers of the partnership are the signatories to the SEL contracts, which commenced on 1 April 2021 and has an initial term of 15 years with a 5-year extension period. The signatories to the SEL contracts are Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust. The SEL contracts also extends the provision of services to South London and Maudsley NHS Foundation Trust, Oxleas NHS Foundation Trust, as well as GPs within the South East London Integrated Care System. The partnership also supplies services to other United Kingdom National Health Service bodies (trusts and hospitals), along with universities and commercial customers such as private hospital groups, clinical trials organisations and pharmaceutical companies.

### Profit Distributions

A profit distribution of £3.5m was made to each of Pathology Services Limited and KCH Commercial Services Limited on 31 March 2021. No further profit distributions were made during the year. Pathology Services Limited and KCH Commercial Services Limited also took full repayment of their outstanding loans totalling £5.7m on 31 March 2021. No loans were outstanding as at 31 December 2021.

### Auditor

The Members are not aware of any relevant audit information that has been withheld from Synnovis' external auditors Deloitte LLP and have taken all necessary steps to ensure all relevant information has been passed on to Deloitte LLP where possible.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP has expressed its willingness to continue in office as auditor and appropriate arrangements are being made for Deloitte to be deemed reappointed as auditor in the absence of an Annual General Meeting.

## 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 United Kingdom (UK). The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB and the parent's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101, 'Reduced Disclosure Framework'. 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.

These responsibilities are exercised by the Board on behalf of the Members.

## Independent auditor's report to the Members of Synnovis Group LLP

### Report on the audit of the financial statements

#### Opinion

In our opinion:

- the financial statements of Synnovis Group LLP (formerly known as 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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent limited liability partnership financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to Limited Liability Partnerships (LLPs).

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent limited liability partnership financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

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

We are independent of the 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

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 group's and parent 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

## Independent auditor's report to the Members of Synnovis Group LLP (continued)

contained within the annual report. Our opinion on the financial statements does not cover the other information and 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 course of 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 this gives rise to 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.

### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's and the parent limited liability partnership's industry and its control environment and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

## Independent auditor's report to the Members of Synnovis Group LLP (continued)

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition, in relation to the completeness and accuracy of accrued income. In addressing the risk of fraud through revenue recognition we assessed management's revenue recognition policy and performed design and implementation procedures of relevant controls surrounding the revenue recognition process, reviewed the core contracts to assess if revenue is recorded in line with IFRS 15. On a selected sample we traced back revenue to supporting documentation including subsequent invoice and cash receipts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### Report on other legal and regulatory requirements

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

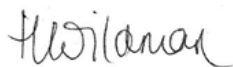
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- 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.

#### 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.



Helen Wildman ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
30 September 2022

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

		2021	2021	2020	2020
		Consolidated	LLP	Consolidated	LLP
Continuing Operations	Notes	£ `000	£ `000	£ `000	£ `000
Revenue		173,927	14,389	136,106	11,222
Cost of Sales		(113,919)	(9,260)	(95,476)	(8,236)
<b>Gross Profit</b>		<b>60,008</b>	<b>5,129</b>	40,630	2,986
Administrative Expenses		(35,198)	(2,835)	(25,085)	(2,124)
<b>EBITDA</b>		<b>24,810</b>	<b>2,294</b>	15,545	862
Depreciation and Amortisation	8,9, 11,20	(12,304)	(518)	(7,857)	(1,022)
Finance costs	7	(2,419)	(68)	(323)	(201)
<b>Operating Profit/(Loss) for the year available from continued operations</b>		<b>10,087</b>	<b>1,708</b>	7,365	(361)
<b>Other Comprehensive Income</b>					
Actuarial Gain/(Loss) on Defined Benefit Pension Scheme	22	(175)	(175)	215	215
<b>Total Comprehensive Income/(Loss) for the year attributable to Members</b>		<b>9,912</b>	<b>1,533</b>	7,580	(146)

Profit for the year is from continued operations. The notes on pages 26 to 58 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

		2021	2021	2020	2020
		Consolidated	LLP	Consolidated	LLP
	Notes	£ `000	£ `000	£ `000	£ `000
<b>Non-current assets</b>					
Intangible Assets	8	9,500	549	8,112	343
Property, plant and equipment	9	8,499	-	4,676	-
Right-of-use Assets	20	76,574	612	8,338	1,029
Contract Assets	11	2,953	-	-	-
Other long-term receivables	10	1,117	1,117	1,275	1,275
<b>Total non-current assets</b>		<b>98,643</b>	<b>2,278</b>	22,401	2,647
<b>Current assets</b>					
Inventories	12	6,413	-	5,511	-
Trade and other receivables	10	42,942	28,342	32,281	31,837
Cash and cash equivalents	13	14,460	1,485	9,477	1,098
<b>Total Current Assets</b>		<b>63,815</b>	<b>29,827</b>	47,269	32,935
<b>Total Assets</b>		<b>162,458</b>	<b>32,105</b>	69,670	35,582
<b>Equity and liabilities</b>					
<b>Equity attributable to Members</b>					
Members' capital	16	3,331	3,331	3,331	3,331
Other reserves	16	16,670	3,292	13,758	1,759
<b>Total Equity</b>		<b>20,001</b>	<b>6,623</b>	17,089	5,090
<b>Current liabilities</b>					
Provisions	15	326	200	1,187	240
Loans & other debts due to Members	16	-	-	5,691	5,000
Current Lease Liabilities	20	1,705	470	3,031	441
Trade and other payables	14	53,693	24,661	37,365	9,024
<b>Total current liabilities</b>		<b>55,724</b>	<b>25,331</b>	47,274	14,705
<b>Non-current liabilities</b>					
Non-current Lease Liabilities	20	86,733	151	5,307	588
Trade and other payables	14	-	-	-	15,199
<b>Total non-current liabilities</b>		<b>86,733</b>	<b>151</b>	5,307	15,787
<b>Total liabilities</b>		<b>142,457</b>	<b>25,482</b>	52,581	30,492
<b>Total equity and liabilities</b>		<b>162,458</b>	<b>32,105</b>	69,670	35,582

Synnovis Group LLP (formerly known as Viapath Group LLP) has guaranteed the liabilities of its subsidiaries, Synnovis Analytics LLP (SA) (formerly known as Viapath Analytics LLP) and Synnovis Services LLP (SS) (formerly known as Viapath Services LLP) under Sections 479A and C of the Companies Act 2006 (as Amended). As such, SA and SS will take advantage of the audit exemption set out within Section 479A for the year ended 31 December 2021. The accompanying notes are an integral part of this statement of financial position. The Consolidated financial statements of the Synnovis group and Synnovis Group LLP financial statements registration number OC337242 were approved by the Members and authorised for issue on 28 September 2022 and signed on the Members' behalf by:



Thomas Evans, Deputy Chief Executive Officer & Chief Financial Officer, SYNLAB UK & Ireland

Dated: 30 September 2022

## STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2021

### Consolidated

	Notes	Members' capital £000	Other reserves £000	Total £000
Balance at 1 January 2020		3,331	9,078	12,409
Profit for the year		-	7,365	7,365
Other comprehensive income for the year		-	215	215
Profit Distribution		-	(2,900)	(2,900)
<b>Balance at 1 January 2021</b>		<b>3,331</b>	<b>13,758</b>	<b>17,089</b>
Profit for the year	16	-	10,087	10,087
Other comprehensive income/(loss) for the year		-	(175)	(175)
Profit Distribution	16	-	(7,000)	(7,000)
<b>Balance at 31 December 2021</b>		<b>3,331</b>	<b>16,670</b>	<b>20,001</b>

### Synnovis Group LLP (formerly known as Viapath Group LLP) (LLP)

	Notes	Members' capital £000	Other reserves £000	Total £000
Balance at 1 January 2020		3,331	4,805	8,136
Profit for the year		-	(361)	(361)
Other comprehensive income for the year		-	215	215
Profit Distribution		-	(2,900)	(2,900)
<b>Balance at 1 January 2021</b>		<b>3,331</b>	<b>1,759</b>	<b>5,090</b>
Profit for the year	16	-	1,708	1,708
Other comprehensive income for the year		-	(175)	(175)
<b>Balance at 31 December 2021</b>		<b>3,331</b>	<b>3,292</b>	<b>6,623</b>



**STATEMENT OF CASH FLOWS**  
For the period ended 31 December 2021

	Notes	Consolidated 2021 £ `000	Consolidated 2020 £ `000
<b>Cash flows from operating activities</b>			
Profit for the period		10,087	7,365
(Gain)/loss on disposal of tangible fixed assets	9	209	(34)
Other finance charges	7	2,405	241
Amortisation of intangible assets	8	2,012	1,655
Depreciation of property, plant & equipment	9	1,859	1,433
Amortisation of contract assets	11	155	-
Depreciation of right-of-use assets	20	8,067	4,769
Interest Charge	7	14	82
Intangible Impairment	8	-	6
(Gain)/loss on disposal of intangible fixed assets	8	2	-
<b>Operating cash flows before movements in working capital</b>		<b>24,810</b>	<b>15,517</b>
(Decrease) in total provisions	15	(861)	(126)
(Increase) in inventories	12	(902)	(919)
(Increase) in receivables	10	(10,661)	(7,189)
Increase in payables	14	16,328	1,304
<b>Net cash from operating activities</b>		<b>28,714</b>	<b>8,587</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	9	(5,891)	(1,864)
Investment in intangibles	8	(3,402)	(849)
Investment in right-of-use assets	20	(76,303)	-
Investment in contract assets	11	(3,108)	-
Proceeds from sale of non-current assets	9	-	182
<b>Net cash used in investing activities</b>		<b>(88,704)</b>	<b>(2,531)</b>
<b>Cash flows from financing activities</b>			
Loans repaid to Members	16	(5,691)	(1,230)
Interest paid to Members	7	(14)	(82)
Profit Distribution	16	(7,000)	(2,900)
Inflow/(outflow) of lease payments	20	80,100	(4,769)
Fees paid on Defined Benefit Contribution Scheme		(17)	-
Other finance charges	7	(2,405)	(241)
<b>Net cash used in financing activities</b>		<b>64,973</b>	<b>(9,222)</b>
Net increase/(decrease) in cash and equivalents		4,983	(3,166)
Cash and cash equivalents at beginning of year		9,477	12,643
<b>Cash and cash equivalents at end of the year</b>		<b>14,460</b>	<b>9,477</b>

## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

#### General Information

The partnership was originally formed and incorporated as GSTS Pathology LLP (GSTS) in 2008 and commenced providing pathology services to Guy's & St Thomas' NHS Foundation Trust on 1 February 2009. It had a change of name from GSTS to Viapath LLP on 30 April 2014 and then to Viapath Group LLP on 28 October 2014 ahead of a restructuring on 1 January 2015, when Viapath began operating as three entities: Viapath Group LLP, Viapath Services LLP and Viapath Analytics LLP. On 29 September 2022, Viapath Group LLP, Viapath Analytics LLP and Viapath Services LLP changed their names to Synnovis Group LLP, Synnovis Analytics LLP and Synnovis Services LLP respectively. All references to Synnovis within these accounts should be taken as referring to Viapath in prior years. All entities have their registered office at Francis House, 9 King's Head Yard, London SE1 1NA.

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

#### Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and under the historical cost convention. The Group entity takes exemption for separate cashflow reporting under FRS 101 paragraph 8(f). In all other respects, Group reports alongside the consolidated entities under the relevant IFRS.

Synnovis Group LLP meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council and the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by FRS 101, the partnership has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Equivalent disclosure is provided in the financial statements of SYNLAB AG, details of which can be found in Note 25. The accounts are prepared under the historic cost convention.

The financial statements are presented in pounds sterling, rounded to the nearest £1,000 on the historical accrued cost basis and adopting the accounting policies presented herein. Synnovis' functional currency is the same as the presentational currency – pounds sterling.

#### Going Concern

In assessing Synnovis' ability to continue to trade as a going concern, the members considered the outcome of the conclusion of the SEL procurement process together with the impact of the COVID-19 pandemic and changes to the market. As per the outcome of the SEL tender, SYNLAB was selected as the preferred partner to deliver and transform pathology services across South East London. SYNLAB bought into the Synnovis joint venture on 31 March 2021, with the intent to continue its operations and thereby becoming a partner to KCS and PSL. The decision to buy into the joint venture was backed by a detailed due diligence process together with a 15-year business plan.

SYNLAB's decision to buy into Synnovis secures the partnership's future financial viability for at least the initial 15-year period of the contracts. Furthermore, the Members agree and acknowledge that the SYNLAB Funding Commitment may be satisfied by SYNLAB Group by way of capital contribution to the LLP and/or its Subsidiaries, debt finance or by such other means as it may reasonably determine. SYNLAB's Funding Commitment to Synnovis is enshrined within the Members' Agreement underpinning the partnership.

Whilst the global economy has been substantially adversely affected by COVID-19, management has proven that Synnovis offers an extremely strong product in the market. This has been emphasised through generating significant revenues from COVID testing, resulting in consistently high levels of EBITDA during the pandemic. In the longer term, with the backing and expertise of two of London's leading teaching

## Accounting Policies (continued)

hospitals, now combined with SYNLAB, Europe's largest medical diagnostics provider, management believes that Synnovis will remain at the forefront of pathology provision in the UK. The mix of customers is dominated by the two member Trusts - GSTT & KCH through the SEL agreement.

The new contracts between the SEL and SYNLAB, through its new majority owned entity Synnovis, allow for higher prices for the existing services in the three years prior to the creation of the Hub, together with an extension of services to the Bexley, Greenwich and Lewisham Clinical Commissioning Groups, and additional services for KCH for the previously excluded laboratories and further phlebotomy services, all of which will result in additional revenue and financial certainty for Synnovis. In consideration of the relevant specific points identified by the FRC, Synnovis believes it is in a strong position to continue to trade, as outlined in the six points below:

- 1. Interruptions of production** – whilst there have been some limitations to availability of reagents and consumables, as the pathology provider to two of London's teaching hospitals and now backed by Europe's largest medical diagnostics provider, Synnovis is well placed to continue to receive supplies as has proven to be the case throughout the pandemic. Disruptions caused by analyser down-time are kept to a minimum, with the Pathology Equipment Support (PES) team in Synnovis Services maintaining equipment to a high standard.
- 2. Supply chain disruptions** – as stated above, Synnovis is well placed to continue to receive essential supplies and has a diversified supply chain including multiple separate suppliers of the reagents required for COVID-19 testing.
- 3. Unavailability of personnel** – whilst there remains a shortage of scientifically qualified staff in the UK Synnovis has a proven track record of recruiting and retaining sufficient resource to continue to provide the services to its customers.
- 4. Reductions in sales, earnings, or productivity** – the new contract has higher pricing from April 2021 until 2024 after which approximately 70% of testing is due to be conducted in the new Hub. Since April 2021, NHS England has encouraged all trusts to increase activity even above pre-COVID levels to try and reduce waiting lists created by the pandemic. Volumes are therefore expected to return to at least 100% if not higher than pre-COVID levels. In addition to the relative certainty of revenue from the SEL contracts, COVID testing for non-healthcare customers generated an additional revenue stream of £0.7m per month during 2021.

As a provider of pathology and pathology laboratory services to the healthcare system and the NHS, as demonstrated both before and during the pandemic, Synnovis has reasonable certainty of its revenue streams. As Synnovis' customer base predominately consists of NHS trusts the customers can reasonably be expected to be in a strong financial position, with the importance of the NHS system having been clearly proven during the crisis.

- 5. Closure of facilities and stores** – Synnovis has continued to operate during the period of COVID disruption and has no expectation of needing to permanently close any facilities.
- 6. Inability to raise financing** – under the new Joint Venture agreement from 1 April 2021 SYNLAB Group is required to provide the investment and working capital financing for Synnovis. In view of SYNLAB Group's size and profitability it is considered that SYNLAB would be able to provide all required financing for Synnovis.

The financial position of Synnovis for 2021 is shown on the statement of financial position on page 22 and its cash flows are described in the statement of cash flows on page 24 of the financial statements. The liquidity and financial risk are described above and in addition, note 1 of the financial statements provides details of Synnovis' objectives, policies, and processes for managing its capital and details of its financial instruments. As part of the buy-in all loans were repaid and Synnovis now has no outstanding loan debt.

Based on the above, the Members have a reasonable expectation that Synnovis has adequate resources to continue in operational existence for the foreseeable future, can meet its obligations as they fall due and can operate for at least the next 12 months. The SYNLAB contractual Funding Commitment within the

## Accounting Policies (continued)

Members' Agreement, together with the facts that Synnovis has no debt and operates within a robust risk management framework, all contribute to the Members assurance in continuing to adopt the going concern basis in preparing the annual report and financial statements.

### New and amended IFRS Standards that are effective for the current year

There were no new and revised pronouncements applicable to Synnovis in 2021. Synnovis has reviewed the accounting considerations related to COVID-19. Having made use of the HMRC Job Retention Scheme (JRS), an accounting policy for 'Grant Income' has been added to page 27. Synnovis utilised the JRS to help cover the cost of the employees' salaries during this time, which resulted in an offsetting reduction to the income received from GSTT and KCH.

### New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, Synnovis has not applied the following new and revised IFRS Standards which apply to Synnovis. These have been issued but are not effective until January 2022.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current.
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract.

The partnership does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods. All other new standards effective in the year were assessed to not have a material impact on the financial statements.

### The Group as a Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the intercompany borrowing rate as a proxy to Incremental Borrowing Rate (IBR) in the lease. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

### Contract Assets

The partnership capitalises contract assets in accordance with IFRS 15 Revenue from Contracts with Customers. In the 2021 financial year, £3.1m of contract assets were recognised, following the notification of preferred bidder status in the SEL contract tender process which led to the award of the SEL contracts. These were the incremental costs of obtaining and fulfilling the contract and are recognised as an asset as the partnership expects to recover those costs.

## Accounting Policies (continued)

### 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. Where income is derived from contracts with customers, it is accounted for under IFRS 15. Fixed revenue is recognised over the life of the contract to which it relates. Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations.

The main source of income for Synnovis is from contracts held with GSTT, KCH and the other parties to the SEL contracts. A performance obligation relating to the delivery of pathology tests is generally satisfied over time as tests are performed and the customer receives the results. The delivery of pathology laboratory services has a regular pattern of transfer. At the end of the year Synnovis accrues income related to activity delivered in year, where performance is incomplete. The fixed revenue element of the SEL contracts is recognised across the life of those contracts.

### Grant Income

The only source of grant income Synnovis received in 2021 was from the HM Government relating to the HMRC Job Retention Scheme (JRS). Synnovis received JRS grant income to support the costs of employees furloughed due to their extreme clinical vulnerability or need to self-isolate. As the payroll liability has been incurred by the entity, it met the conditions to claim for that payroll accounting period. Synnovis adopts IAS 20 whereby the grant income received is deducted against the related expense (salaries and wages). Synnovis utilised the JRS to help cover the cost of those employees' salaries during 2021.

### Taxation

The status of a Limited Liability Partnership is such that it is transparent for Corporation Tax. The liability for taxation on Synnovis 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 rate 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, as detailed below.

## Accounting Policies (continued)

### Property - Plant & Equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Synnovis 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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### Impairment of property, plant and equipment and intangible assets

At each balance sheet date, Synnovis 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. Indications of impairment are characterised by factors such as obsolescence or physical damage, asset is idle or held for disposal or the future cash inflows are predicted to be worse than expected. 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 the 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

Under IFRS 16, Synnovis recognises a right of use asset and lease liability even where no transfer of the risks and rewards of ownership takes place.

The right of use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. Liabilities are measured based on the present value of future lease payments over the lease term. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Synnovis recognises depreciation of the right of use lease assets and interest on lease liabilities over the lease term which has no overall impact on profit before tax over the life of the lease. The partnership's most material lease is on its Hub building, which is depreciated at 5% per annum.

The Group has concluded that all leasing contracts that meet the definition criteria of IFRS 16 are subject to capitalisation in the financial statements.

### Discount Rate Assessment

For lease arrangements entered from the effective date of the transition to IFRS 16, the standard requires future lease payments to be discounted using the interest rate implicit in the lease. Where this rate cannot be readily determined the standard provides a practical expedient to use the entity's Incremental Borrowing Rate ('IBR'). The Group has concluded that it is not possible to determine the rate implicit in its portfolio of leases and so will adopt the IBR rate. The partnership uses the SYNLAB Group borrowing rate as a proxy to the IBR rate as there is no external borrowings. The Standard specifies a discount rate must be calculated on a lease-by-lease basis. However, as a practical expedient, the standard allows an entity to apply an IBR to a portfolio of leases with similar characteristics. See note 19 'Lease Commitments' for details of how the standard has been applied.

## Accounting Policies (continued)

### 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. Synnovis 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. Synnovis adopted the SYNLAB Group IFRS 9 policy in April 2021. The SYNLAB Group ECL calculation applies a percentage of expected loss to specific categories of customer according to age of debt, reflecting the risk of recovery associated with customers within those categories. The carrying amount of the asset is reduced using 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 & 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.

### Financial Liabilities

Synnovis 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. Members' loans when held are carried a variable interest rate set by SYNLAB Group.

### Financial Liabilities & 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

The Legal & General Default Contribution Scheme and Legal & General Enhanced Contribution Scheme are defined contribution schemes provided by Synnovis to its employees. Contributions for the period in respect of defined contribution schemes are charged to the income statement as they fall due.

## Accounting Policies (continued)

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

Synnovis holds one defined benefit scheme which is closed to new Members. This scheme applies to former NHS employees who were covered by the provisions of the NHS Pension Scheme before Synnovis was granted Direction Status. Benefits payable and associated costs are accounted for under IAS 39. Further detail is outlined with in Note 22, page 47 of the financial statements.

### iii. Accounting valuation

A valuation of the pension scheme was carried out by the appointed actuary under accounting standard IAS19 for the year ending 31 December 2021. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, along with the specific assumptions around the discount rate is detailed in note 21 to these financial statements.

## CRITICAL ACCOUNTING JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 1 above, the Members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical accounting judgements

The members do not consider there to be any critical judgements in applying the company's accounting policies.

### Key sources of estimation uncertainty

In the process of applying Synnovis' accounting policies which are described in this note, management has made the following estimations that have the most significant effect on the amounts recognised in the financial statements. The estimate of the recoverability of trade debtors is established using the Expected Credit Losses (ECL) method in accordance with IFRS 9 'Financial Instruments' – see 'Trade Receivables' above.



## 2. OPERATING SEGMENT

The partnership's operations relate to delivering pathology services and laboratory services within the United Kingdom. Synnovis operates in a single operating segment. The Board of Directors led by the Chief Executive, is the chief operating decision maker. It is only at this level that revenues are fully reported, and the overall financial and operational performance of the organisation is assessed. The primary mechanism for financial management and control is a detailed management accounts pack which is prepared at an entity and site level.

An aggregated summary of this is presented by the Chief Financial Officer to the Board of Directors at each board meeting. As such the LLP discloses in the financial statements as a single segment.

## 3. REVENUE

The revenue of the partnership is principally derived from the provision of pathology services and laboratory services to health organisations. Synnovis' main customers during 2021 were Guy's and St Thomas' NHS Foundation Trust (GSTT) and King's College Hospital NHS Foundation Trust (KCH). The proportion of revenue attributable to COVID-19 from third parties was £8.0m (4.4% of total revenue) (2020: £6.7m (4.9%)).

The split of consolidated revenue by customer is as follows:

Customer	<b>Consolidated</b>	Consolidated
	<b>2021</b>	2020
	<b>£ '000</b>	£ '000
GSTT	84,365	69,767
KCH	89,141	61,308
Third parties	420	5,030
<b>Total</b>	<b>173,927</b>	136,106

**4. OPERATING PROFIT**

	<b>Consolidated</b>	<b>LLP</b>	Consolidated	LLP
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
Is stated after charging:				
Amortisation of intangible assets	2,012	166	1,655	79
Depreciation on equipment	1,859	-	1,433	-
Amortisation of IFRS 15 contract assets	155	-	-	-
Disposals of intangibles	2	-	-	-
Disposals of property, plant and equipment	209	-	148	-
Impairment of intangibles	-	-	6	-
Rentals under rental agreements:				
- Land and buildings	8,273	397	120	82
- Landlord contributions	(14,750)	-	-	-
- Plant and machinery	1,028	-	236	2
External Audit Fees	99	99	82	82
Non-audit Fees	35	35	-	-
Movement in allowance for doubtful debts	170	(1)	177	(1)
Cost of inventories recognised as an expense	37,648	-	23,602	-

**OPERATING PROFIT TO ADJUSTED EBITDA RECONCILIATION**

	<b>Consolidated</b>	<b>LLP</b>	Consolidated	LLP
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
Profit / (loss) for the year available for discretionary division among Members	10,087	1,708	7,365	(361)
Interest Expense	59	51	100	85
Amortisation of intangible assets	2,012	166	1,655	79
Depreciation of equipment	1,859	-	1,433	-
Depreciation of IFRS 15 Contract Assets	155	-	-	-
Loss on disposal of property, plant and equipment	209	-	-	-
Loss on disposal of intangibles	2	-	-	-
<b>Adjusted EBITDA before IFRS 16</b>	<b>14,383</b>	<b>1,925</b>	10,553	(197)
Right-of-use Assets Interest	2,360	17	223	116
Depreciation on Right-of-Use Assets	8,067	352	4,769	434
<b>Adjusted EBITDA</b>	<b>24,810</b>	<b>2,294</b>	15,545	353

Adjusted EBITDA includes adjustments for interest expense, depreciation on equipment, and intangibles which have been expensed in the year.

The Actuarial Loss on Defined Benefit scheme of £175k (2020: Gain £215k) in Synnovis Group and Consolidated accounts is excluded from Adjusted EBITDA.

During the year, landlord contributions totalling £14.8m were received in connection with the Friars Bridge Court (Hub) building as per the lease contract. This has been accounted for under IFRS 16 Leases.

**5. EMPLOYEE COSTS**

	<b>Consolidated</b>	<b>LLP</b>	Consolidated	LLP
	<b>2021</b>	<b>2021</b>	2020	2020
	£ `000	£ `000	£ `000	£ `000
Employee costs excluding Members:				
Wages and salaries	60,998	8,001	55,392	6,525
Social security costs	6,375	632	5,678	554
Other pension costs	4,668	216	3,899	216
<b>Total employee costs</b>	<b>72,041</b>	<b>8,849</b>	64,969	7,295

During 2021, Synnovis utilised the HM Revenue and Customs (HMRC) Coronavirus Job Retention Scheme (JRS) for employees furloughed due to their extreme clinical vulnerability or need to self-isolate. The grant received was £123k (2020: £418k) and has been netted against the wages and salaries stated above. Synnovis utilised the JRS to help cover the cost of the employees' salaries during 2021, which resulted in an offsetting reduction to the income received from GSTT and KCH.

The average numbers of employees were as follows:

	<b>Consolidated</b>	<b>LLP</b>	Consolidated	LLP
	<b>2021</b>	<b>2021</b>	2020	2020
	No.	No.	No.	No.
Scientific and Operational	1,316	30	1,192	22
Administrative and Clerical	164	108	181	92
<b>Total</b>	<b>1,480</b>	<b>138</b>	1,373	114

The number of employees furloughed due to their extreme clinical vulnerability or need to self-isolate during 2021 was 36 (2020: 70). Note, not all 36 employees were furloughed at the same time or for the same duration.

**6. MEMBERS' REMUNERATION AND TRANSACTIONS**

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. There are no profits payable to Members under employment contracts or as employees.

Distributable profits for 2020 were divided among the Members in accordance with agreed profit-sharing arrangements in place at the time. A profit distribution of £3.5m was paid to both KCS and PSL on 31 March 2021, based on distributable profits as at 31 December 2020. From 1 January 2021 to 31 March 2021, the two Members divided profits equally, sharing an agreed total of £4.7m.

From April 2021, with the arrival of SYNLAB to the partnership, a new Members Agreement came into effect and profits are shared among the Members in accordance with the relevant clauses contained within that Members' Agreement.

The profit attributable to the Member with the largest entitlement, consisting of profits allocated after the balance sheet date and remuneration during the year, was £5.2m (2020: £3.5m).

The average number of Members during the year was 3 (2020: 3).

**7. FINANCE INCOME AND FINANCE COSTS**

	<b>Consolidated 2021 £ `000</b>	<b>LLP 2021 £ `000</b>	Consolidated 2020 £ `000	LLP 2020 £ `000
Interest paid to Members	14	14	82	81
Right-of-use asset interest	2,360	17	223	116
Other	45	37	18	4
<b>Total Finance Costs</b>	<b>2,419</b>	<b>68</b>	<b>323</b>	<b>201</b>

**8. INTANGIBLE ASSETS**

	Consolidated Assets Under Construction	Consolidated Intangibles	Consolidated Total	LLP Assets Under Construction	LLP Intangibles	LLP Total
	£ `000	£ `000	£ `000	£ `000	£ `000	£ `000
<b>Cost</b>						
<b>At 1 January 2021</b>	<b>27</b>	<b>23,326</b>	<b>23,353</b>	<b>-</b>	<b>536</b>	<b>536</b>
Additions during the year	2,549	853	<b>3,402</b>	202	170	<b>372</b>
Transfer	(27)	27	-	-	-	-
Disposals	-	(2)	<b>(2)</b>	-	-	-
Impairment	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>2,549</b>	<b>24,204</b>	<b>26,753</b>	<b>202</b>	<b>706</b>	<b>908</b>
<b>Accumulated amortisation</b>						
<b>At 1 January 2021</b>	<b>-</b>	<b>(15,241)</b>	<b>(15,241)</b>	<b>-</b>	<b>(193)</b>	<b>(193)</b>
Charge for the year	-	(2,012)	<b>(2,012)</b>	-	(166)	<b>(166)</b>
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>-</b>	<b>(17,253)</b>	<b>(17,253)</b>	<b>-</b>	<b>(359)</b>	<b>(359)</b>
<b>Net Book Value 31 December 2020</b>	<b>27</b>	<b>8,085</b>	<b>8,112</b>	<b>-</b>	<b>343</b>	<b>343</b>
<b>Net Book Value 31 December 2021</b>	<b>2,549</b>	<b>6,951</b>	<b>9,500</b>	<b>202</b>	<b>347</b>	<b>549</b>

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

**9. PROPERTY - PLANT AND EQUIPMENT**

	<b>Consolidated 2021 £ `000</b>	<b>LLP 2021 £ `000</b>	<b>Consolidated 2020 £ `000</b>	<b>LLP 2020 £ `000</b>
<b>Cost</b>				
At 1 January	<b>18,609</b>	<b>261</b>	17,322	261
Additions during the period	5,891	-	1,864	-
Disposals	(538)	-	(577)	-
<b>At 31 December</b>	<b>23,962</b>	<b>261</b>	18,609	261
<b>Accumulated depreciation</b>				
At 1 January	(13,933)	(261)	(12,929)	(261)
Charge for the period	(1,859)	-	(1,433)	-
Disposals	329	-	429	-
<b>At 31 December</b>	<b>(15,463)</b>	<b>(261)</b>	(13,933)	(261)
<b>Net book value as at 31 December</b>	<b>8,499</b>	<b>-</b>	4,676	-

Fixed Assets predominately consist of laboratory equipment. There were no fixed asset sale proceeds recorded during the year.

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

	<b>Consolidated</b>	<b>LLP</b>	Consolidated	LLP
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
Trade receivables	6,881	15	9,348	8
Allowance for doubtful debts	(1,034)	(2)	(1,204)	(1)
<b>Total trade receivables</b>	<b>5,847</b>	<b>13</b>	8,144	7
Amounts owed by Members	11,448	4	18,108	-
Other receivables	225	14	401	18
Amounts owed from HMRC	4,140	501	-	-
Prepayments and accrued income	21,282	175	5,628	660
Intercompany debtors	-	27,635	-	31,152
<b>Total receivables falling due within 1 year</b>	<b>42,942</b>	<b>28,342</b>	32,281	31,837

	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
<b>Analysis of trade receivables:</b>				
Not overdue	1,611	4	4,406	-
30 – 60 days	786	(4)	893	-
61 – 90 days	690	4	529	-
91 – 120 days	368	4	338	-
Over 120 days	3,426	7	3,182	8
	<b>6,881</b>	<b>15</b>	9,348	8

	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
<b>Movement in trade receivables impairment provision:</b>				
Balance as at 1 January	1,204	1	1,027	2
Increase/(Decrease) in impairment provision	(170)	1	177	(1)
<b>Balance as at 31 December</b>	<b>1,034</b>	<b>2</b>	1,204	1

	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
<b>Trade and other receivables falling due after one year:</b>				
Pension asset	1,117	1,117	1,275	1,275
Long term contract costs – IFRS 15	2,953	-	-	-
<b>Total receivables falling due after 1 year</b>	<b>4,070</b>	<b>1,117</b>	1,275	1,275

Amounts recoverable on contracts relate to pre-contract and transition costs incurred on the GSTT and KCH contracts. The Members estimate that the carrying amount of trade receivables approximates to their fair value. Prepayments and accrued income include income accrued but not billed to the Members as at 31 December 2021.

**11. IFRS 15 CONTRACT ASSETS**

	<b>Consolidated</b>	<b>LLP</b>	<b>Consolidated</b>	<b>LLP</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>
<b>Cost</b>				
At 1 January	-	-	-	-
Additions during the period	3,108	-	-	-
Disposals	-	-	-	-
<b>At 31 December</b>	<b>3,108</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>				
	-	-	-	-
Charge for the period	(155)	-	-	-
Disposals	-	-	-	-
<b>At 31 December</b>	<b>(155)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value as at 31 December</b>	<b>2,953</b>	<b>-</b>	<b>-</b>	<b>-</b>

IFRS 15 Contract Assets are capitalised contract costs incurred in the process of obtaining and fulfilling the SEL contracts

**12. INVENTORIES**

	<b>Consolidated</b>	<b>LLP</b>	<b>Consolidated</b>	<b>LLP</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>
<b>Stock ready for use by the business</b>	<b>6,413</b>	<b>-</b>	<b>5,511</b>	<b>-</b>

Inventories represent reagents, stains and other materials consumed in the pathology testing process. Inventories are measured at the lower of cost and net realisable value. No inventories have been pledged as security.

**13. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	<b>LLP</b>	<b>Consolidated</b>	<b>LLP</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>
<b>Cash at bank</b>	<b>14,460</b>	<b>1,485</b>	<b>9,477</b>	<b>1,098</b>



**14. TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>	<b>LLP</b>	Consolidated	LLP
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
Trade payables	13,094	531	5,238	241
Amounts owed to Members (note 18)	2,685	5	9,054	244
Other taxes and social security	1,784	197	397	1,073
Accruals	27,124	3,414	12,074	3,227
Deferred income	8,664	-	9,335	-
Amount owed to HMRC	-	-	1,144	177
Intercompany Creditor	-	20,439	-	4,062
Other payables	342	75	123	-
<b>Trade and other payables</b>	<b>53,693</b>	<b>24,661</b>	37,365	9,024
Member loan (note 15)	-	-	5,691	5,000
Lease Liabilities	1,705	470	3,031	441
<b>Total payables falling due within one year</b>	<b>55,398</b>	<b>25,131</b>	46,087	14,465
	2021	2021	2020	2020
	£ `000	£ `000	£ `000	£ `000
Intercompany Creditor	-	-	-	15,199
Lease Liabilities	86,733	151	5,307	588
<b>Total payables falling due after one year</b>	<b>86,733</b>	<b>151</b>	5,307	15,787

**15. PROVISIONS**

	<b>Consolidated</b>	<b>LLP</b>	Consolidated	LLP
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£ `000</b>	<b>£ `000</b>	£ `000	£ `000
Provisions consist of:				
PAYE Underpayments	150	150	140	140
Other	176	50	1,047	100
<b>Total Provisions</b>	<b>326</b>	<b>200</b>	1,187	240

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

**16. MEMBERS' INTERESTS****Consolidated**

	Members' capital	Other reserves	Cash loans due to Members	Non-cash loans due to Members	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
<b>Balance at 1 January 2020</b>	<b>3,331</b>	<b>9,078</b>	<b>4,590</b>	<b>2,331</b>	<b>19,330</b>
Profit for the financial period available for discretionary division among Members	-	7,365	-	-	<b>7,365</b>
Increase in Pension Surplus Asset	-	215	-	-	<b>215</b>
Loans repaid to Members	-	-	(1,230)	-	<b>(1,230)</b>
Profit Distribution	-	(2,900)	-	-	<b>(2,900)</b>
<b>Balance at 1 January 2021</b>	<b>3,331</b>	<b>13,758</b>	<b>3,360</b>	<b>2,331</b>	<b>22,780</b>
Profit for the financial period available for discretionary division among Members	-	10,087	-	-	<b>10,087</b>
Decrease in Pension Surplus Asset	-	(175)	-	-	<b>(175)</b>
Loans repaid to Members	-	-	(3,360)	(2,331)	<b>(5,691)</b>
Profit Distribution	-	(7,000)	-	-	<b>(7,000)</b>
<b>Balance at 31 December 2021</b>	<b>3,331</b>	<b>16,670</b>	<b>-</b>	<b>-</b>	<b>20,001</b>

**MEMBERS INTERESTS (continued)****Synnovis Group LLP**

	Members' capital £ '000	Other reserves £ '000	Cash loans due to Members £ '000	Non-cash loans due to Members £ '000	<b>Total £ '000</b>
<b>Balance at 1 January 2020</b>	<b>3,331</b>	<b>4,805</b>	<b>4,230</b>	<b>2,000</b>	<b>14,366</b>
Profit for the financial period available for discretionary division among Members	-	(361)	-	-	(361)
Increase in Pension Surplus Asset	-	215	-	-	215
Loans repaid to Members	-	-	(1,230)	-	(1,230)
Profit Distribution	-	(2,900)	-	-	(2,900)
<b>Balance at 1 January 2021</b>	<b>3,331</b>	<b>1,759</b>	<b>3,000</b>	<b>2,000</b>	<b>10,090</b>
Profit for the financial period available for discretionary division among Members	-	1,708	-	-	<b>1,708</b>
Decrease in Pension Surplus Asset	-	(175)	-	-	<b>(175)</b>
Loans repaid to Members	-	-	(3,000)	(2,000)	<b>(5,000)</b>
Profit Distribution	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>3,331</b>	<b>3,292</b>	<b>-</b>	<b>-</b>	<b>6,623</b>

## 17. 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 and King's College Hospital NHS Foundation Trust. Serco Ltd exited the partnership in 2020 and transactions with Serco were therefore not related party transactions in 2021.

### Trading Transactions

During the year ended 31 December 2021, the LLP entered into the following trading transactions with its Members:

#### Consolidated (at 31 December 2021)

	Sales	Purchases	Amounts owed from related party	Amounts owed to related party
	£ '000	£ '000	£ '000	£ '000
GSTT	78,798	7,874	7,686	2,349
KCH	63,003	4,118	3,738	5
SYNLAB	217	6,572	24	331
<b>Total</b>	<b>142,018</b>	<b>18,564</b>	<b>11,448</b>	<b>2,685</b>

#### Consolidated (at 31 December 2020)

	Sales	Purchases	Amounts owed from related party	Amounts owed to related party
	£ '000	£ '000	£ '000	£ '000
GSTT	63,593	7,272	10,212	2,578
KCH	44,433	2,130	8,981	6,847
Serco Limited	76	124	-	-
<b>Total</b>	<b>108,102</b>	<b>9,526</b>	<b>19,193</b>	<b>9,425</b>

Material related party transactions can be summarised as follows:

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

Under the contracts with GSTT, Synnovis provides a full range of laboratory and pathology services to GSTT: amounts invoiced in the year were £79m (2020: £64m). Purchases from GSTT relate to services the Trust provides to Synnovis Services LLP in order to offer a fully functioning laboratory within the hospital site, for example waste collection and utilities. Synnovis Analytics LLP purchases consultants' services. Total invoices received during 2021 from GSTT amounted to £8m (2020: £7m). In the year, Synnovis made the final tranche of loan repayments to GSTT totalling £2.405m. A profit distribution of £3.5m was made to PSL Ltd on 31 March 2021.

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

Under contracts with KCH, Synnovis provides a full range of laboratory and pathology services to KCH: amounts invoiced in the year were £63m (2020: £44m). As for GSTT, Synnovis Services LLP purchases waste collection, utilities, and other services from KCH, and Synnovis Analytics LLP purchases consultants' services. Total invoices received in year from KCH totalled £4m (2020: £2m). In the year, Synnovis made the final tranche of loan repayments to KCH totalling £3.286m. A profit distribution of £3.5m was made to KCH CS Ltd on 31 March 2021.

**RELATED PARTY TRANSACTIONS (continued)****SYNLAB**

SYNLAB Group provides Synnovis with the SAP, LabApp and Ariba platforms. SYNLAB UK entities trade with Synnovis for the mutual supply of pathology tests and pathology laboratory services. Amounts invoiced during the year were £0.2m (2020: nil). Total invoices received from SYNLAB in the year were £6.5m (2020: nil).

**18. ANALYSIS OF NET DEBT**

<b>Consolidated 2021</b>					
	<b>1 January 2021</b>	<b>Cash flow Movement</b>	<b>Interest Charge</b>	<b>Non-cash</b>	<b>31 December 2021</b>
	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>
<b>Cash and cash equivalents</b>					
Cash	9,477	4,983	-	-	14,460
<b>Current liabilities</b>					
Loans	(5,691)	5,691	-	-	-
<b>Non-current liabilities</b>					
Leases	(223)	-	(2,137)	-	(2,360)
Loans over one year	-	-	-	-	-
<b>Net debt</b>	<b>3,563</b>	<b>10,674</b>	<b>(2,137)</b>	<b>-</b>	<b>16,820</b>

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

<b>Consolidated 2020</b>					
	<b>1 January 2020</b>	<b>Cash flow Movement</b>	<b>Interest Charge</b>	<b>Non-cash</b>	<b>31 December 2020</b>
	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>	<b>£ `000</b>
<b>Cash and cash equivalents</b>					
Cash	12,643	(3,166)	-	-	9,477
<b>Current liabilities</b>					
Loans	(6,921)	1,230	-	-	(5,691)
<b>Non-current liabilities</b>					
Finance leases	(328)	-	105	-	(223)
Loans over one year	-	-	-	-	-
<b>Net debt</b>	<b>5,394</b>	<b>(1,936)</b>	<b>105</b>	<b>-</b>	<b>3,563</b>

## 19. 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:

	<b>Consolidated 2021 £ `000</b>	Consolidated 2020 £ `000
<b>Financial assets – loans and receivables</b>		
Trade receivables	6,881	9,348
Other receivables	225	401
Amounts owed by Members	11,448	18,108
Cash and cash equivalents	14,460	9,477
<b>Financial liabilities – at amortised cost</b>		
Trade payables	(13,094)	(5,238)
Loans due to Members	-	(5,691)
Amounts owed to Members	(2,685)	(9,054)
<b>Net financial Assets</b>	<b>17,235</b>	<b>17,351</b>

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 made loan repayments in March 2021 and as at 31 December 2021 has no loans outstanding. The partnership is therefore not exposed to interest rate risk. Prior years' loan interest was charged at 2% above LIBOR.

If LIBOR interest rates increase by 2% the LLP shall be exposed to an increased interest charge of £nil (2020: £76k) per annum.

**FINANCIAL RISK MANAGEMENT (continued)**

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

**Maturity Assessment Consolidated**

<b>As at 31 December 2021</b>	<b>Less than 1 month £ `000</b>	<b>1 to 3 months £ `000</b>	<b>3 months to 1 year £ `000</b>	<b>Over 1 year £ `000</b>	<b>Total £ `000</b>
<b>Financial assets – loans and receivables</b>					
Trade receivables	1,611	1,476	2,061	1,733	6,881
Other receivables	192	-	33	-	225
Amounts owed by Members	11,288	(6)	(91)	258	11,449
Cash and cash equivalents	14,460	-	-	-	14,460
<b>Financial liabilities – at amortised cost</b>					
Trade payables	(12,436)	(324)	(141)	(193)	(13,094)
Loans due to Members	-	-	-	-	-
Amounts owed to Members	(3,032)	(15)	375	(13)	(2,685)
<b>Net financial instruments</b>	<b>12,083</b>	<b>1,131</b>	<b>2,237</b>	<b>1,785</b>	<b>17,236</b>

<b>As at 31 December 2020</b>	<b>Less than 1 month £ `000</b>	<b>1 to 3 months £ `000</b>	<b>3 months to 1 year £ `000</b>	<b>Over 1 year £ `000</b>	<b>Total £ `000</b>
<b>Financial assets – loans and receivables</b>					
Trade receivables (note 10)	4,406	1,422	2,028	1,492	9,348
Other receivables (note 10)	75	327	-	-	401
Amounts owed by Members (note 10)	10,024	5,571	2,325	187	18,107
Cash and cash equivalents (note 13)	9,477	-	-	-	9,477
<b>Financial liabilities – at amortised cost</b>					
Trade payables (note 14)	(4,129)	(737)	(372)	-	(5,238)
Loans due to Members (note 17)	-	-	-	(5,691)	(5,691)
Amounts owed to Members (note 14)	(4,693)	(411)	(3,950)	-	(9,054)
<b>Net financial instruments</b>	<b>15,160</b>	<b>6,171</b>	<b>31</b>	<b>(4,012)</b>	<b>17,351</b>

## 20. LEASE COMMITMENTS

A lease conveys the right to control an identified asset for a period in exchange for consideration. The lease is recognised as a Right-Of-Use Asset on the balance sheet, measured at the amount of the lease liability less the associated interest cost.

The lease liability is measured at the present value of the future lease payments, using a lease term that includes periods covered by extension options if exercise is reasonably certain. The interest rate implicit in the leases is assumed at the cost of borrowing set by SYNLAB and varies between 3.0% and 3.7% according to the lease term.

Synnovis has exercised its right under IFRS16 to make use of the practical expedients for short term leases (less than 12 months in duration) and low value leases (less than £100k contract spend). Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

### Right-of-Use Assets

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

	Office Equipment	Machinery & Equipment	Buildings	Consol.	Group
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
31 December 2020	23	11,622	1,463	13,107	1,463
31 December 2021	<b>7</b>	<b>8,792</b>	<b>75,842</b>	<b>84,641</b>	<b>964</b>
<b>Depreciation expense for the year ended</b>					
31 December 2020	(16)	(4,321)	(434)	(4,769)	(434)
31 December 2021	<b>(7)</b>	<b>(2,482)</b>	<b>(5,578)</b>	<b>(8,067)</b>	<b>(352)</b>
<b>Net Carrying Value</b>					
31 December 2020	7	7,301	1,029	8,337	1,029
31 December 2021	-	<b>6,310</b>	<b>70,264</b>	<b>76,574</b>	<b>612</b>

Principal additions to right of use assets during 2021 were the Hub lease and laboratory equipment.

Values are as at 31 December 2021.

Termination options interpreted as break date or notice period.



**LEASE COMMITMENTS (continued)****Right of use Liabilities**

	<b>Consolidated</b>	<b>Group</b>	Consolidated	Group
	<b>2021</b>	<b>2021</b>	2020	2020
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
<b>Amounts recognised in profit or loss in P&amp;L</b>				
Depreciation	8,067	352	4,769	434
Interest on lease liabilities	2,360		223	116
Low value leases	218	17	-	-

**Maturity Analysis**

The consolidated discounted maturity analysis of lease liabilities at 31 December 2021 is as follows:

<b>31 December 2021</b>	<b>Within</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 or</b>	<b>Total</b>
	<b>1 year</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>more</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>years</b>	<b>£'000</b>
Buildings	(1,736)	7,477	4,471	3,276	68,655	<b>82,143</b>
Machinery & Equipment	3,441	2,373	154	157	170	<b>6,295</b>
<b>Total</b>	<b>1,705</b>	<b>9,850</b>	<b>4,625</b>	<b>3,433</b>	<b>68,825</b>	<b>88,438</b>

31 December 2020	Within	2	3	4	5 or more	Total
	1 year	years	years	years	years	
	£'000	£'000	£'000	£'000	£'000	£'000
Property	441	441	147	-	-	1,029
Office Equipment	7	-	-	-	-	7
Equipment and Consumables	2,583	1,956	1,387	747	629	7,302
<b>Total</b>	<b>3,031</b>	<b>2,397</b>	<b>1,534</b>	<b>747</b>	<b>629</b>	<b>8,338</b>

Buildings within 1 year includes expected landlord contributions of £8.85m in 2022.

Buildings within 1 year represents a lease receivable with a present value of £5,904k as a result of landlord contributions for Friers Bridge Court ('The Hub'). This amount is offset by a lease liability with a present value of £4,168k for other buildings.

## 21. PENSION SCHEMES - DEFINED CONTRIBUTION SCHEMES

The Synnovis group of LLPs has three current and two closed defined contribution pension schemes for employees:

- i. Legal & General Default Contribution Scheme – current;
- ii. Legal & General Enhanced Contribution Scheme – current
- iii. Legal & General Auto-Enrolment Pension Scheme – closed to new contributions;
- iv. Legal & General Stakeholder Pension Scheme – closed to new contributions;
- v. NHS Pension Schemes – current.

### **Legal & General Default Contribution Scheme and Legal & General Enhanced Contribution Scheme**

The Legal & General Default Contribution Scheme and Legal & General Enhanced Contribution Scheme are Defined Contribution schemes. The new schemes were introduced in 2020 to replace the previous Auto-Enrolment and Stakeholder schemes and provide the Group's employees with modernised and improved pensions. The schemes' assets are held separately from those of the partnership in contract-based arrangements. The partnership paid employer contributions for the year ended 31 December 2021 of £0.994m net of salary sacrifice deductions (2020: £0.895m) into the L&G Schemes.

### **NHS Pension Schemes**

The NHS Pension Schemes are all Defined Benefit schemes, under the NHS Pension Scheme reference numbers EA2329, EA2330 and EA2331. The schemes are for employees who transferred to Synnovis employment under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006. Synnovis 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 employees 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 employees 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 partnership in contract-based arrangements. They are therefore treated as Defined Contribution schemes in these accounts.

The partnership paid employer contributions for the year ended 31 December 2021 of £3.673m (2020: £3.005m) into the NHS Pension Schemes.

## 22. PENSION SCHEMES - DEFINED BENEFIT SCHEME

### Prudential Platinum Pension

The partnership participates in Prudential Platinum Pension Scheme – currently known as Viapath Group LLP, 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 full actuarial valuation is due to be carried out with an effective date of 31 December 2021 (not yet available as at date of financial statement preparation). 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.

An actuarial valuation was carried out as at 31 December 2021 for the purposes of disclosure within these financial statements. The figures in the following disclosure were measured using the Projected Unit Method.

**The amounts recognised in the statement of financial position for Group and Consolidated accounts are as follows:**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities	(4,590)	(4,540)
Fair value of scheme assets	5,707	5,815
Funded status	1,117	1,275
Net amount recognised at year end (before any adjustment for deferred tax)	<b>1,117</b>	<b>1,275</b>

**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 <b>31/12/2021</b> <b>£'000</b>	Year ended <b>31/12/2020</b> <b>£'000</b>
<b>Service cost:</b>		
Current service cost (net of employee contributions)	-	-
Administration expenses	51	1
Past service cost and loss/(gain) on settlements and curtailments	-	-
Net interest (credit)	(18)	(21)
Charge/(credit) recognised in P&L	<u>33</u>	<u>(20)</u>
<b>Remeasurements of the net liability:</b>		
Return on scheme assets (excluding amount included in Interest expense)	137	(609)
Loss arising from changes in financial assumptions	128	398
(Gain)/loss arising from changes in demographic assumptions	(23)	52
Experience (Gain)	(67)	(36)
Credit recorded in other comprehensive income	<u>175</u>	<u>(195)</u>
Total defined benefit charge/(credit)	<u><u>208</u></u>	<u><u>(215)</u></u>

**PENSION SCHEMES - DEFINED BENEFIT SCHEME (continued)**

The principal actuarial assumptions used were:

	<b>31/12/2021</b>	31/12/2020
Liability discount rate	1.80%	1.40%
Inflation assumption - RPI	3.30% up to 2030, 3.00% after 2030	2.80% up to 2030, 2.50% after 2030
Inflation assumption - CPI	2.30% before 2030 2.90% after 2030	1.80% up to 2030 2.30% after 2030
<b>Revaluation of deferred pensions:</b>		
RPI	2.80% up to 2030, 2.50% after 2030	2.80% up to 2030, 2.50% after 2030
<b>Increases for pensions in payment:</b>		
RPI max 6%	2.80% up to 2030 2.50% after 2030	2.80% up to 2030, 2.50% after 2030
RPI	2.80% up to 2030, 2.50% after 2030	2.80% up to 2030, 2.50% after 2030

**PENSION SCHEMES - DEFINED BENEFIT SCHEME (continued)**

In 2019 a deduction of 0.3% was made to Risk First's Gilt RPI curve when determining RPI. On 25th November 2020 it was announced that the UK's Retail Price Index (RPI) inflation measure will be aligned with the Consumer Price Index including housing costs (CPIH) from 2030, with no compensation for holders of index-linked Gilts. As CPIH has historically been lower than RPI, this would reduce RPI inflation from 2030 onwards. At present the markets do not seem to have fully reflected these implications of the announcement, therefore an inflation risk premium of 0.20% pa is used until 2030 and 0.50% pa after 2030 to reflect the expectation that RPI will be lower post 2030. This gives an assumption of 2.80% up to 2030 and 2.50% thereafter. This compares to an assumption of 2.70% per annum, set using the same method as was adopted for the 2019 accounting disclosures.

Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	0.00%	0.00%
Mortality assumption - preretirement	SAPS S3PxA CMI 2019 1.5% IA 0.3%	SAPS S3PxA CMI 2019 1.5% IA 0.3%
Mortality assumption - male post retirement	SAPS S3PMA CMI 2019 projections 1.5% long-term rate	SAPS S3PMA CMI 2019 projections 1.5% long-term rate
Mortality assumption - female post retirement	SAPS S3PFA CMI 2019 projections 1.5% long-term rate	SAPS S3PFA CMI 2019 projections 1.5% long-term rate
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	87.3	87.3
Female aged 65 at year end:	89.6	89.6
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	88.9	88.9
Female aged 45 at year end:	91.3	91.3

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

	31/12/2021	31/12/2020
	<b>£'000</b>	<b>£'000</b>
Fair value of assets at start of period	5,815	5,175
Interest income	81	103
Return on assets (excluding amount included in net interest expense)	(137)	609
Contributions from the employer*	50	-
Benefits paid	(51)	(71)
Administration expenses	(51)	(1)
Fair value of assets at end of period	<u><b>5,707</b></u>	<u><b>5,815</b></u>
Actual return on assets over the period	(56)	712

\*Contributions from the employer of £50k paid in the year 2021 are scheme administration fees.

**Changes in the present value of liabilities over the period:**

	31/12/2021	31/12/2020
	<b>£'000</b>	<b>£'000</b>
Liabilities at start of period	4,540	4,115
Interest cost	63	82
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	128	398
Actuarial gains and losses arising from changes in demographic assumptions	(23)	52
Other experience items	(67)	(36)
Benefits paid	(51)	(71)
Liabilities at end of period	<u><b>4,590</b></u>	<u><b>4,540</b></u>

**PENSION SCHEMES - DEFINED BENEFIT SCHEME (continued)**

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

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>£'000</b>	<b>£'000</b>
Deferred pensioners	3,870	3,819
Pensions in payment	720	721
	<b>4,590</b>	<b>4,540</b>
Average duration of the scheme's liabilities at the end of the prior years	25	25
This can be subdivided as follows:		
Active members	-	-
Deferred pensioners	45	45
Pensions in payment	14	25

The major categories of scheme assets are as follows:

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Debt instruments</b>		
Corporates	2,755	2,951
Index Linked	2,949	2,863
Debt instrument subtotal	<u>5,704</u>	<u>5,814</u>
<b>Other</b>		
Cash	3	-
Total market value of assets	<u>5,707</u>	<u>5,814</u>



**PENSION SCHEMES - DEFINED BENEFIT SCHEME (continued)****Sensitivity Analysis**

Present value of defined benefit obligation	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>£'000</b>	<b>£'000</b>
Discount rate - 25 basis points	4,888	4,823
Discount rate + 25 basis points	4,315	4,265
Price inflation rate - 25 basis points	4,325	4,278
Price inflation rate + 25 basis points	4,874	4,810
Post-retirement mortality assumption - 1 year age rating	4,761	4,721
Post-retirement mortality assumption + 1 year age rating	4,422	4,357

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 2022 other than meeting expenses.

**23. EVENTS AFTER THE REPORTING PERIOD**

On 29 September 2022, Viapath Group LLP, Viapath Analytics LLP and Viapath Services LLP changed their names to Synnovis Group LLP, Synnovis Analytics LLP and Synnovis Services LLP respectively. All references to Synnovis within these accounts should be taken as referring to Viapath in prior years. There were no other significant events after the balance sheet date of 31 December 2021.

**24. SUBSIDIARY UNDERTAKINGS**

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

Synnovis Group LLP has guaranteed the liabilities of its subsidiaries, Synnovis Analytics LLP (SA) and Synnovis Services LLP (SS) under Section 479A and C of the Companies Act 2006 (as Amended). As such, SS and SA will take advantage of the audit exemption set out within Section 479A for the year ended 31 December 2021.

**25. CONTROLLING PARTIES**

Synnovis Group LLP is 51% directly owned by its Members as follows:

1. 51.0% Labco UK Group Limited (registered number 09632108)
2. 24.5% Pathology Services Limited (registered number 06593374)
3. 24.5% KCH Commercial Services Limited (registered number 06023863)

Synnovis Analytics LLP and Synnovis Services LLP are majority owned by the LLP, with each Member holding equal minority interests in each of them.

Labco UK Group Limited is wholly owned by SYNLAB Holding France S.A. and both companies are in the same corporate group as SYNLAB Limited (registered number 09630775). SYNLAB Holding France S.A. is wholly owned by SYNLAB AG (registered number HRB 246540). SYNLAB AG is listed on the Frankfurt Stock Exchange under International Securities Identification Number (ISIN) DE000A2TSL71. SYNLAB AG is the ultimate parent and has significant control.

Pathology Services Limited is an indirectly wholly owned subsidiary of GSTT.

KCH Commercial Services Limited is an indirectly wholly owned subsidiary of KCH.