

Registered number: 5466033

Virgin Care Limited

**Annual report and financial statements
for the year ended 31 March 2015**



Company Information

Directors	V M McVey E B Johnson
Registered number	5466033
Registered office	Lynton House 7-12 Tavistock Square London WC1H 9LT
Independent auditor	KPMG LLP Chartered Accountants 8 Princes Parade Liverpool L3 1QH

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Strategic report
for the year ended 31 March 2015

Principal activities

Virgin Care Limited is an innovative provider of NHS services across England through its subsidiary companies and joint ventures. Virgin Care Limited provides head office support to these companies and in addition since 1 April 2013 has provided NHS services itself under the Devon children's contract.

The Company and its subsidiaries (collectively known as Virgin Care) provide a range of NHS community services including community hospitals, district nursing, sexual health and prison health as well as GP-led walk-in and healthcare centres, urgent care centres, out of hours services, community diagnostics and GP practices.

Virgin Care work with a wide range of NHS, independent and third sector partners to deliver NHS services, employing nurses, GPs, consultants and other clinical and administrative staff.

Virgin Care is ideally placed to further improve frontline care for patients by developing innovative services and community-based care pathways within the NHS setting and has a strong track record of service redesign expertise. Virgin Care has well established central administrative services, information technology systems, training, human resources, marketing and communications, payroll and financial support. This comprehensive range of support enables the development and growth of the organisation and enables it to deliver high quality medical and diagnostic services.

Business review and results

The group aspires to be the provider of choice for commissioners who are seeking the highest calibre NHS and related social care services and as such the organisation has invested significantly to make the business capable of adapting quickly to meet these needs.

For instance, the group has invested in innovative ways of providing healthcare to improve the clinical safety and patient experience whilst also achieving major efficiency savings for the organisation. £0.5 million of capital spend in the year relates to the mobile working project, which enables community services to be operated in a truly mobile way through state of the art software solutions in a more clinically robust manner than has ever been achieved before. The results of this project to date show significant improvements in the quality of care staff can provide, whilst also realising both increases in performance and cost savings through smarter ways of working.

In April 2013 Virgin Care Limited commenced the provision of Children's Services in Devon in a contract worth £115m over three years. The financial year to 31 March 2015 represents the second year of this contract. An agreement has been reached to extend this contract for an additional year, with discussions currently ongoing over a fifth year to the contract.

In line with many new organisations operating in an emerging market, the directors expect Virgin Care to incur losses in the early stages of its development, however, the year end position of the company and the group as a whole is considered to be satisfactory and in line with the business plan.

The Virgin Care group generates positive cash flow from existing services as a result of good cash collection and tight cost control, using these funds to invest in new and existing services and to expand the business.

The organisation funds this growth and its development projects through cash reserves. The Virgin Care group currently has no external third party borrowings with all current borrowings provided through shareholder loans held in its parent company, Virgin Healthcare Holdings Limited. All of the shareholder loans are long term, with repayment of the capital and any associated interest only required once the group becomes profitable.

Strategic report (continued)
for the year ended 31 March 2015

The Directors had identified three key operational priorities for the Virgin Care group of companies for the year ended 31 March 2015, which are summarised below.

Priority 1: ensuring safety, service quality and enhancing user experience: providing excellent clinical outcomes, meeting and exceeding relevant standards and regulatory requirements:

Virgin Care has been able to demonstrate the quality and safety of its services successfully during a number of unannounced CQC inspections throughout 2014 and 2015. Virgin Care has invested in new clinical and patient management systems to support patient care pathways and has delivered clinical effectiveness programmes. Services participated in and reported positive outcomes against core and national audit programmes.

Virgin Care has monitored patient satisfaction and improvements made to the group's services in response to patient feedback throughout the year, and the Executive Team and Board receive regular user experience reports. During 2014/15 the group replaced the Net Promoter Score (NPS) methodology with the NHS England mandated Friends and Family Test.

Priority 2: robust governance: fostering standardised safeguarding and quality assurance processes:

Virgin Care has enhanced its clinical lead model to increase clinical input to service mobilisation, development and training. Children's services participate in their local safeguarding board meetings and regular clinical governance meetings are held across all the business units.

Virgin Care has successfully recruited to its national professional lead roles to support ongoing work for professional standards and service development, and has extended its safeguarding, medicines management and infection control expertise across the wider organisation.

Priority 3: to be recognised as an outstanding employer:

Virgin Care has actively engaged in an apprenticeship scheme to bridge the recruitment gap in some of its administrative roles. The scheme also actively supports young people into work.

The group has also launched its award nominated 'People Flourish' programme to support the development of managerial skills for staff across the organisation. This four part interactive programme seeks to improve the quality of management capability and sets the group apart as an employer of choice. Separately, the group has also undertaken a talent development programme to ensure that the next generation of leaders have been identified, supported and equipped with the skills they need to progress.

The Learning Enterprise (a staff training and development organisation supported by the Virgin Care group) continues to hold a 'Recognised Quality Education and Learning quality mark' (RQEL) for the production of quality education modules.

The Learning Enterprise (TLE) supports students from across the professional groups in services as part of their clinical qualification. TLE provides links to NHS and other external training programmes and improves access to training for all staff. It also provides the linkages with the Universities, the students and supports the training of mentors and supervisors as part of this.

As a result of the success of a Senior Management Training Programme introduced in the prior year, a new training programme has been rolled out during the year to the wider management team to develop management standards and leadership skills across the whole organisation. This is of particular importance for clinical staff to enable them to transition into management roles and improves retention.

The group also works on community development in the localities where it provides services through a focus on healthy lifestyles and support for carers. Initiatives that the group has supported have included the Surrey Half Marathon and the establishment of the Carers Club online platform, which provides free resources for the UK's seven million unpaid carers.

Strategic report (continued)
for the year ended 31 March 2015

Key performance indicators

Virgin Care has a number of KPIs which are used to analyse both current performance of the group and assist with business development. Monthly KPIs are produced from both a Financial and Operating perspective and are reviewed regularly by the Board to assist decision making. The main KPIs monitored by the business include patient satisfaction, revenue growth, cash absorption, margin management and compliance with the contractual KPIs across the services it operates.

Principal risks and uncertainties

Virgin Care operates a Risk Management Framework in order to manage the risks and uncertainties of the business. The Executive Team and Board review the top 10 risks impacting the business at each meeting. The major risks that could impact the business are as follows:

- Virgin Care is a fast-growing company. As a result of its success and expansion, the directors ensure the business has the resources and management processes in place to mobilise more than one large contract at a time. The directors are satisfied such matters are properly discussed by the Board and are adequately resourced.
- Recent changes in the healthcare sector present an opportunity for the business however there remains a lack of clarity over how certain measures are being implemented. The political and commercial environment in which we operate including current or potential new legislation is monitored at Board level.

Future developments

Demonstrating ongoing service quality and safety remains a top priority for 2015/16.

Priority 1: ensuring service quality, safety and enhancing user experience;

Priority 2: robust governance: fostering safeguarding and quality assurance processes which are standardised across the business;

Priority 3: to continue to be recognised as an outstanding employer.

The Directors consider the financial priorities for the year ended 31 March 2016 to be based around demonstrating the quality of our services, delivering efficiency savings resulting from innovative and new technological solutions and focusing on internal projects to make the organisation 'business ready' for the group's projected growth through the award of new services.

In addition, Virgin Care will continue to develop and invest in resources to support the projected growth of the organisation. Virgin Care has access to sufficient cash from its subsidiary undertakings and the group's shareholder loans to support development throughout the year.

This report was approved by the board on 17 December 2015 and signed on its behalf.



E B Johnson
Director

Directors' report

The directors present their report and the financial statements for the year ended 31 March 2015.

Results

The loss for the year, after taxation, amounted to £9,147,259 (2014 - loss £9,897,041).

Directors

The directors who served during the year were:

V M McVey
E B Johnson

Political contributions

The Company made charitable donations of £nil (2014 - £8,244) and did not incur any political expenditure during the year (2014 - £nil).

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend for 2015 (2014 - £nil). The retained loss for the financial year of £9,147,259 (2014 - £9,897,041) has been transferred to reserves.

Going concern

The Company has significant losses and is in a net liability position of £19,250,811. Despite this, the financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reason. The Company has access to sufficient cash from its subsidiary undertakings to continue to support the business over at least the next 12 months, based on forecasts and projections, taking account of reasonably possible changes in trading performance. As the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future they continue to adopt the going concern basis in preparing the annual financial statements.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

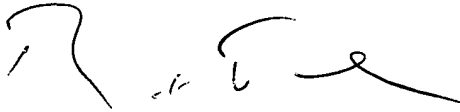
- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor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

Directors' report

Auditor

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

This report was approved by the board on 17 December 2015 and signed on its behalf.



E B Johnson
Director

Directors' responsibilities statement
for the year ended 31 March 2015

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditor's report to the members of Virgin Care Limited

We have audited the financial statements of Virgin Care Limited for the year ended 31 March 2015, set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Virgin Care Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Will Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH
Date: 18/12/2015

Profit and loss account
for the year ended 31 March 2015

	<i>Note</i>	2015 £	2014 £
Turnover	2	40,380,764	38,001,986
Cost of sales		(35,177,605)	(34,421,480)
Gross profit		5,203,159	3,580,506
Administrative expenses		(20,114,382)	(19,692,537)
Reversal of impairment of investments	9	84,088	1,377,296
Total Administrative expenses		(20,030,294)	(18,315,241)
Other operating income	3	140,739	255,775
Operating loss		(14,686,396)	(14,478,960)
Income from interests in group undertakings	8	5,334,407	4,200,981
Income from other participating interests	7	203,156	373,480
Interest receivable and similar income		1,574	7,458
Loss on ordinary activities before taxation	4	(9,147,259)	(9,897,041)
Tax on loss on ordinary activities	10	-	-
Loss for the financial year		(9,147,259)	(9,897,041)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

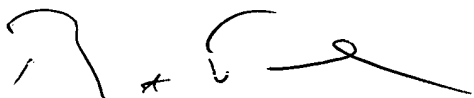
The notes on pages 11 to 24 form part of these financial statements.

Registered number: 5466033

Balance sheet
as at 31 March 2015

	<i>Note</i>	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	11		1,296,966		1,186,442
Tangible assets	12		1,328,848		562,197
Investments	13		4,603,732		4,519,644
			<u>7,229,546</u>		<u>6,268,283</u>
Current assets					
Debtors	14	17,425,665		12,224,710	
Cash at bank and in hand		1,495,525		1,583,214	
		<u>18,921,190</u>		<u>13,807,924</u>	
Creditors: amounts falling due within one year	15	(45,401,547)		(30,179,759)	
Net current liabilities			<u>(26,480,357)</u>		<u>(16,371,835)</u>
Total assets less current liabilities			<u>(19,250,811)</u>		<u>(10,103,552)</u>
Capital and reserves					
Called up share capital	16		53,805,821		53,805,821
Profit and loss account	17		(73,056,632)		(63,909,373)
Shareholders' deficit	18		<u>(19,250,811)</u>		<u>(10,103,552)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
17 December 2015



E B Johnson
Director

The notes on pages 11 to 24 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The Company has significant losses and is in a net liability position. Despite this, the financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reason. The Company has access to sufficient cash from its subsidiary undertakings to continue to support the business over at least the next 12 months, based on forecasts and projections, taking account of reasonably possible changes in trading performance. As the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future they continue to adopt the going concern basis in preparing the annual financial statements.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of services supplied during the year. Turnover is recognised in the period in which the services are delivered and is stated net of value added tax.

1.4 Intangible fixed assets and amortisation

Software has an estimated economic life of four years. It is amortised to the profit and loss account over its estimated economic life.

Notes to the financial statements

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value either over their expected useful lives on the bases below, or where it is more appropriate, a shorter life is applied in line with the provision of a service contract:

Short term leasehold property improvements	-	Over 5 years (life of lease)
Plant & machinery	-	Over 3 years
Fixtures & fittings	-	Over 3 years
Office equipment	-	Over 3 years
Computer equipment	-	Over 3 years

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less provision for impairment. The Company has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The amount recognised in the balance sheet represents member's capital with no fixed repayment term. This amount is reviewed annually for impairment.

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Taxation

The charge for taxation is based on the loss for the year taking into account taxation deferred because of timing differences between the treatment of certain items for tax and accounting purposes.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Notes to the financial statements

1. Accounting policies (continued)

1.9 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents the amounts payable by the Company to the fund in respect of the year and are charged to the profit and loss account.

1.10 Impairment

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of an asset increases because of a change in economic conditions, the resulting reversal of the impairment loss is recognised in the current period to the extent that it increases the carrying value of the asset up to the amount that it would have been had the original impairment not occurred.

1.11 Cash Flow Statement

Under FRS 1 the Company is exempt from the requirement to prepare a Cash Flow Statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2. Turnover

All turnover arose within the United Kingdom, from undertaking the company's principal activity. Turnover is recognised as services are delivered.

3. Other operating income

	2015 £	2014 £
Sundry income	140,739	255,775

Other operating income includes £137,000 (2014 - £137,000) recharge to First Community Health Limited relating to staff costs of the Surrey based information team. The prior year also includes £82,000 relating to the recharge of Family Support services, staff and training in the Devon Integrated Children's Service.

Notes to the financial statements

4. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the Company	362,140	300,372
Auditor's remuneration		
- audit of Company's financial statements	48,870	47,870
Amortisation of intangible fixed assets	396,430	79,096
Project expenditure	954,466	1,013,401
	<u>1,761,906</u>	<u>1,437,739</u>

The project expenditure includes £954,466 (2014 - £1,013,401) in respect of the Company's expenses relating to the initial phase of a project to review the setup of the systems and transactional processes within the corporate support service functions across the business.

Amounts receivable by the Company's auditor in respect of services to Virgin Care Limited and its subsidiaries other than the audit of this Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Virgin Holdings Limited.

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	12,167,444	10,961,215
Social security costs	1,277,589	1,128,463
Other pension costs	567,506	580,378
	<u>14,012,539</u>	<u>12,670,056</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 Number	2014 Number
Administration	213	194
Clinical	51	19
	<u>264</u>	<u>213</u>

Notes to the financial statements

6. Directors' remuneration

	2015 £	2014 £
Emoluments	621,450	592,840
Company pension contributions to defined contribution pension schemes	6,180	6,000

During the year retirement benefits were accruing to 2 directors (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £315,040 (2014 - £300,295). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £180 (2014- £nil).

7. Income from other participating interests: share of joint venture profits

	2015 £	2014 £
Assura Reading LLP	93,416	179,108
Peninsula Health LLP	109,740	194,372
	203,156	373,480

The income from the joint ventures is recognised based on the Company's share of the joint ventures' profits available for distribution for the year ended 31 March 2015.

8. Income from interests in group undertakings

	2015 £	2014 £
Virgin Care Blackpool LLP	453,009	558,933
Virgin Care Chelmsford LLP	277,593	491,483
Virgin Care Coventry LLP	1,572,033	418,330
Virgin Care East Riding LLP	696,581	-
Virgin Care Hampshire Health LLP	434,928	1,088,045
Virgin Care Hartlepool LLP	571,893	502,298
Virgin Care Lea Valley LLP	233,015	86,558
Virgin Care Liverpool	125,942	-
Virgin Care Stockton LLP	817,340	964,343
Virgin Care Vertis LLP	152,073	90,991
	5,334,407	4,200,981

The income from these subsidiaries is recognised based on the Company's share of profits available for distribution for the year ended 31 March 2015. Note 13 separately identifies which limited liability partnerships are investments in subsidiaries and which are joint ventures as at 31 March 2015.

Notes to the financial statements

9. Impairment of investments

	2015 £	2014 £
Reversal of impairment of investment in subsidiaries and amounts due from group undertakings	(84,088)	(1,377,296)
Total credit	<u>(84,088)</u>	<u>(1,377,296)</u>

The credit for the reversal of a previous impairment charge of £84,088 (2014: £1,377,296) is in respect of the Company's investments in its subsidiaries and amounts due from group undertakings.

10. Taxation

The current tax charge for the year ended 31 March 2015 is £nil (2014 - £nil). The deferred tax charge for the year ended 31 March 2015 is £nil (2014 - £nil).

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	<u>(9,147,259)</u>	<u>(9,897,041)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	(1,920,924)	(2,276,319)
Effects of:		
(Income) / expenses not deductible for tax purposes	-	(289,975)
Depreciation against which no capital allowances claimed	167,312	68,575
Other timing differences	-	(78,535)
UK tax losses not utilised or not recognised	1,701,746	1,426,872
Group relief surrender not paid for	53,526	1,149,382
Current tax charge for the year	<u>-</u>	<u>-</u>

Notes to the financial statements

10. Taxation (continued)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013.

In the Budget on 8 July 2015, the chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. In accordance with FRS 19 no asset has been recognised (see below) for the potential deferred tax asset of £5,645,286 (2014: £7,263,984) arising from tax losses and other timing differences of £28,226,432 (2014: £36,136,025) as the losses are not expected to be utilised in the foreseeable future.

Details of the Company's total recognised and unrecognised deferred tax assets at the year end (and prior year end) are shown in the table in the balance sheet note below.

The deferred tax figure comprises:

	2015 Cumulative recognised £	2015 Cumulative unrecognised £	2014 Cumulative recognised £	2014 Cumulative unrecognised £
Capital allowances in excess of depreciation	-	(524,387)	-	(273,478)
Short term timing differences	-	(163,397)	-	(224,570)
UK tax losses	-	(4,957,502)	-	(6,765,936)
Total deferred tax asset	-	(5,645,286)	-	(7,263,984)

Notes to the financial statements

11. Intangible fixed assets

	<i>Software</i> £	<i>Total</i> £
Cost		
At 1 April 2014	1,265,538	1,265,538
Additions	506,954	506,954
At 31 March 2015	1,772,492	1,772,492
Amortisation		
At 1 April 2014	79,096	79,096
Charge for the year	396,430	396,430
At 31 March 2015	475,526	475,526
Net book value		
At 31 March 2015	1,296,966	1,296,966
At 31 March 2014	1,186,442	1,186,442

During the year the Company continued to invest in a project including a new system and process improvements through technology, to provide a mobile solution capable of integrating with clinical systems. The majority of the costs relate to licences which are the core solution, plus software development costs.

12. Tangible fixed assets

	<i>Short Term Leasehold Property</i> £	<i>Plant & machinery</i> £	<i>Fixtures & fittings</i> £	<i>Office equipment</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost						
At 1 April 2014	247,046	7,101	519,537	248,326	814,237	1,836,247
Additions	-	-	-	-	1,128,791	1,128,791
At 31 March 2015	247,046	7,101	519,537	248,326	1,943,028	2,965,038
Depreciation						
At 1 April 2014	221,642	7,101	345,822	248,326	451,159	1,274,050
Charge for the year	17,932	-	118,502	-	225,706	362,140
At 31 March 2015	239,574	7,101	464,324	248,326	676,865	1,636,190
Net book value						
At 31 March 2015	7,472	-	55,213	-	1,266,163	1,328,848
At 31 March 2014	25,404	-	173,715	-	363,078	562,197

Notes to the financial statements

13. Fixed asset investments

	<i>Investments in subsidiary companies</i> £	<i>Investment in joint ventures</i> £	<i>Total</i> £
Cost or valuation			
At 1 April 2014	8,375,217	212,314	8,587,531
Disposals	(298,933)	-	(298,933)
At 31 March 2015	8,076,284	212,314	8,288,598
Impairment			
At 1 April 2014	3,855,573	212,314	4,067,887
Reversal of impairment	(84,088)	-	(84,088)
Impairment on disposals	(298,933)	-	(298,933)
At 31 March 2015	3,472,552	212,314	3,684,866
Net book value			
At 31 March 2015	4,603,732	-	4,603,732
At 31 March 2014	4,519,644	-	4,519,644

Notes to the financial statements

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company as at 31 March 2015:

<i>Name</i>	<i>Class of shares</i>	<i>Holding</i>
Virgin Care Services Limited	Ordinary shares	100 %
Virgin Care Corporate Services Limited	Ordinary shares	100 %
Virgin Care Tech Limited	Ordinary shares	100 %
Virgin Care Provider Services Limited	Ordinary shares	100 %
VH Community Services Limited **	Ordinary shares	100 %
Virgin Care Blackpool LLP *	N/A	100 %
Virgin Care Cambridge LLP *	N/A	100 %
Virgin Care Chelmsford LLP *	N/A	100 %
Virgin Care Coventry LLP *	N/A	100 %
Virgin Care Darlington LLP *	N/A	100 %
Virgin Care East Riding LLP *	N/A	100 %
Virgin Care Hampshire Health LLP *	N/A	100 %
Virgin Care Hartlepool LLP *	N/A	100 %
Virgin Care Lea Valley LLP *	N/A	100 %
Virgin Care Leeds LLP *	N/A	100 %
Virgin Care Leicestershire LLP *	N/A	100 %
Virgin Care Liverpool LLP *	N/A	100 %
Virgin Care Macclesfield LLP *	N/A	100 %
Assura Minerva LLP *	N/A	100 %
Virgin Care North Lancs LLP *	N/A	100 %
Virgin Care Stockton LLP *	N/A	100 %
Virgin Care Vertis LLP *	N/A	100 %
Virgin Care Wiltshire LLP *	N/A	100 %
Virgin Care Wyre Forest LLP *	N/A	100 %
Virgin Care Wandle LLP *	N/A	100 %

*The LLPs are subsidiaries of Virgin Care Limited, with the Company holding 99% and Virgin Care Corporate Services Limited holding 1%.

** Indirectly held through the Company's subsidiary, Virgin Care Services Limited.

VH Doctors Limited and North Lancashire Doctors Limited are subsidiary undertakings of the Company by virtue of the Company having dominant influence over VH Doctors Limited and North Lancashire Doctors Limited.

Notes to the financial statements

13. Fixed asset investments (continued)

Participating interests

Details of joint ventures that the Company has an investment in are as follows:

Joint ventures

<i>Name</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Principal activity</i>
Assura Reading LLP	England	50%	Medical services
Peninsula Health LLP	England	50%	Medical services

14. Debtors

	2015 £	2014 £
Trade debtors	1,294,041	895,547
Amounts owed by group undertakings	2,369,908	3,487,851
Amounts owed by undertakings in which the Company has a participating interest	22,516	-
Other debtors	241,192	241,188
Prepayments and accrued income	13,498,008	7,600,124
	<u>17,425,665</u>	<u>12,224,710</u>

15. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	1,146,584	1,169,700
Amounts owed to group undertakings	38,874,586	22,343,265
Other taxation and social security	517,130	881,861
Other creditors	172,683	257,714
Accruals and deferred income	4,690,564	5,527,219
	<u>45,401,547</u>	<u>30,179,759</u>

Notes to the financial statements

16. Share capital

	2015 £	2014 £
Authorised, allotted, called up and fully paid		
53,805,821 Ordinary shares of £1 each	<u>53,805,821</u>	<u>53,805,821</u>

17. Reserves

	<i>Profit and loss account</i> £
At 1 April 2014	(63,909,373)
Loss for the financial year	<u>(9,147,259)</u>
At 31 March 2015	<u>(73,056,632)</u>

18. Reconciliation of movement in shareholders' deficit

	2015 £	2014 £
Opening shareholders' deficit	(10,103,552)	(206,511)
Loss for the financial year	<u>(9,147,259)</u>	<u>(9,897,041)</u>
Closing shareholders' deficit	<u>(19,250,811)</u>	<u>(10,103,552)</u>

19. Pension commitments

The Company operates a defined contribution scheme for its employees and directors. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £567,506 (2014 - £580,378). Contributions totalling £166,927 (2014 - £125) were payable to the fund at the balance sheet date and are included in other creditors.

Notes to the financial statements

20. Operating lease commitments

At 31 March 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>			<i>Other</i>
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within 1 year	26,010	-	39,966	65,855
Within 2 to 5 years inclusive	520,810	520,810	5,803	44,979
After 5 years	179,826	257,856	-	-

21. Related party transactions

The Company's ultimate parent undertaking is Virgin Group Holdings Limited, whose principal shareholders are Sir Richard Branson and certain trusts, none of which individually has a controlling interest in Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir Richard Branson and/or his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under Financial Reporting Standard No. 8.

VH Doctors Limited is considered a related party by virtue of Virgin Care Limited having dominant influence over VH Doctors Limited. During the financial year, VH Doctors Limited provided subcontracted medical services to Virgin Care Limited. The total of these sub-contract costs from VH Doctors Limited for the year-ended 31 March 2015 were £22,541,179 (2014 - £24,852,099).

During the year the Company entered into transactions, in the ordinary course of business, with the following related parties:

	2015 Sales To	2015 Purchases From	2015 Amounts owed by	2015 Amounts owed to
	£	£	£	£
Joint Ventures	-	-	-	-
VH Doctors Limited	727,879	-	22,399	-
North Lancashire Doctors Limited	159,177	28,769,927	12,667	4,092,889
Virgin Enterprises Limited	106,881	-	576	310,000
Virgin Insight Limited	-	1,871,482	-	-
Assura Services Limited	-	3,000	-	-
Virgin Management Limited	-	68,488	-	-
Virgin Pulse (UK) Limited	-	90,494	-	18,000
Virgin.Com Limited	-	22,948	-	-
	-	1,158	-	-
	993,937	30,827,497	35,642	4,420,889

Notes to the financial statements

21. Related party transactions (continued)

	2014 Sales To	2014 Purchases From	2014 Amounts owed by	2014 Amounts owed to
	£	£	£	£
Joint Ventures	203,153	13,121	46,553	1,200
VH Doctors Limited	198,518	28,725,357	72,566	910,134
North Lancashire Doctors Limited	90,886	-	11,041	270,000
Virgin Enterprises Limited	-	2,058,288	-	762,234
Virgin Insight Limited	-	600	-	-
Assura Services Limited	-	39,406	-	-
Virgin Management Limited	-	7,453	-	-
	<u>492,557</u>	<u>30,844,225</u>	<u>130,160</u>	<u>1,943,568</u>

22. Ultimate parent undertaking and controlling party

The Company is a subsidiary of Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest group in which the Company and group results are consolidated are those for Virgin UK Holdings Limited and Virgin Holdings Limited respectively, companies both registered in England and Wales. Copies of the group accounts of Virgin Holdings Limited and Virgin UK Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.