

# **Virgin Care Accounts Limited**

**Directors' report and financial statements**

**For the year ended 31 March 2013**

**Registered number 6100986**

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**Company Information**

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<b>Directors</b>	V M McVey E B Johnson
<b>Registered number</b>	6100986
<b>Registered office</b>	Lynton House 7-12 Tavistock Square London WC1H 9LT
<b>Independent auditor</b>	KPMG LLP Chartered Accountants 8 Princes Parade Liverpool L3 1QH

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## **Directors' report**

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The directors present their report and the financial statements for the year ended 31 March 2013

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

The principal activity during the year was to provide working capital finance to the wholly owned and joint venture limited liability partnerships held by the Company's parent undertaking, Virgin Care Limited

The limited liability partnerships continue to grow and the directors expect further future funding to be provided directly by their parent undertaking Virgin Care Limited rather than funding being provided by Virgin Care Limited through Virgin Care Accounts Limited

After the year-end the balances which the limited liability partnerships owed to Virgin Care Accounts Limited were transferred to Virgin Care Limited

### **Result**

The profit for the year, after taxation, amounted to £714,992 (2012 - loss £1,373,493)

### **Directors**

The directors who served during the year were

V M McVey  
E B Johnson

### **Political and charitable contributions**

The Company made no political or charitable donations nor incurred any political expenditure in the year (2012 - £nil)

### **Going concern**

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds guaranteed by other group companies. The Company's parent, Virgin Care Limited, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the Company. In particular, Virgin Care Limited has confirmed that the intercompany creditor balance of £1,639,346 included within amounts due to group undertakings will not be called for payment within 12 months from the date of approval of these financial statements. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## Directors' report

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### Dividends and transfers to reserves

The directors do not recommend the payment of a dividend for 2013 (2012 - £nil) The retained profit for the financial year of £714,992 (2012 - loss of £1,373,493) has been transferred to reserves

### Provision of information to auditor

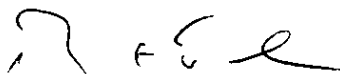
The directors who held office at the date of approval of this directors' report confirm that

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

This report was approved by the board on 15<sup>th</sup> November 2013 and signed on its behalf



**E B Johnson**  
Director

**Directors' responsibilities statement**  
*for the year ended 31 March 2013*

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The directors are responsible for preparing 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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We have audited the financial statements of Virgin Care Accounts Limited for the year ended 31 March 2013, set out on pages 6 to 13. 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 3, 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](http://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 2013 and of its profit 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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### **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

2 December 2013



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

	<i>Note</i>	<b>2013 £</b>	<b>2012 £</b>
Administrative expenses (includes exceptional items of £682,087 credit (2012 - £1,417,605 debit) )		<b>679,512</b>	(1,419,926)
<b>Operating profit/(loss)</b>	<b>2</b>	<b>679,512</b>	(1,419,926)
Interest receivable and similar income	<b>4</b>	<b>35,480</b>	46,433
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>714,992</b>	(1,373,493)
Tax on profit/(loss) on ordinary activities	<b>5</b>	-	-
<b>Profit/(loss) for the financial year</b>		<b>714,992</b>	(1,373,493)

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

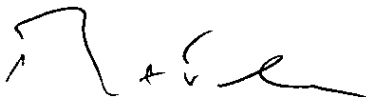
The notes on pages 8 to 13 form part of these financial statements

Registered number: 6100986

**Balance sheet**  
*as at 31 March 2013*

	<i>Note</i>	<b>£</b>	<b>2013 £</b>	<b>2012 £</b>
<b>Current assets</b>				
Debtors	6	460,000	210,000	
Cash at bank		7,149	-	
		<u>467,149</u>	<u>210,000</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,643,847)</u>	<u>(2,101,690)</u>	
<b>Net current liabilities</b>			<u>(1,176,698)</u>	<u>(1,891,690)</u>
<b>Net liabilities</b>			<u>(1,176,698)</u>	<u>(1,891,690)</u>
<b>Capital and reserves</b>				
Called up share capital	8	371,000	371,000	
Profit and loss account	9	<u>(1,547,698)</u>	<u>(2,262,690)</u>	
<b>Shareholders' deficit</b>	10	<u>(1,176,698)</u>	<u>(1,891,690)</u>	

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



15<sup>th</sup> November 2013

**E B Johnson**  
Director

The notes on pages 8 to 13 form part of these financial statements

## Notes to the financial statements

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### 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

As the Company is a wholly owned subsidiary of Virgin Care Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed the transactions or balances with wholly owned subsidiaries which form part of the group

#### 1.2 Taxation

The charge for taxation is based on the profit 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

#### 1.3 Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds guaranteed by other group companies. The Company's parent, Virgin Care Limited, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the Company. In particular, Virgin Care Limited has confirmed that the intercompany creditor balance of £1,639,346 included within amounts due to group undertakings will not be called for payment within 12 months from the date of approval of these financial statements. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.4 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 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.

#### 1.5 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. Operating profit/(loss)

The operating profit/(loss) is stated after charging

	2013 £	2012 £
Auditor's remuneration - audit of the Company's financial statements	4,500	4,400

Administrative expenses include a provision of £164,852 and release of £846,939 (2012 - provision of £1,417,605) against balances due from group undertakings. This has no tax impact.

Amounts receivable by the Company's auditor and its associates in respect of the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the Company is small as defined by S381 of the Companies Act 2006.

### 3. Staff costs

The Company has no employees other than the directors, who did not receive any emoluments in respect of services provided to the Company (2012 - £nil).

### 4. Interest receivable and similar income

	2013 £	2012 £
Loan interest	35,480	46,433

## Notes to the financial statements

### 5. Taxation

The current tax charge for the year ended 31 March 2013 is £nil (2012 - £nil) The deferred tax for the year ended 31 March 2013 is £nil (2012 - £nil)

#### Factors affecting tax charge for the year

The current tax charge for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Profit/(loss) on ordinary activities before tax	714,992	(1,373,493)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	171,598	(357,108)
Effects of:		
Expenses not deductible for tax purposes	(42,377)	52
UK tax losses not utilised or not recognised	(129,221)	357,056
Current tax charge for the year	-	-

#### Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the Company's future current tax charge accordingly and reduce the unrecognised deferred tax asset at 31 March 2013, although it is not yet possible to quantify the full anticipated effect of these reductions

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 for the potential deferred tax asset of £43,705 (2012 - £392,472) arising from tax losses of £190,025 (2012 £1,635,300) 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

	2013 Cumulative recognised £	2013 Cumulative unrecognised £	2012 Cumulative recognised £	2012 Cumulative unrecognised £
UK tax losses	-	(43,705)	-	(392,472)

## Notes to the financial statements

### 6. Debtors

	2013 £	2012 £
Amounts owed by group undertakings	460,000	210,000

The amounts owed by group undertakings relate to working capital balances due from VH Doctors Limited and the limited liability partnerships for which the Company's parent, Virgin Care Limited, is a member

### 7. Creditors: Amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	-	10
Amounts owed to parent undertakings	1,639,346	2,099,680
Accruals and deferred income	4,501	2,000
	1,643,847	2,101,690

### 8. Share capital

	2013 £	2012 £
Allotted, called up and fully paid 371,000 Ordinary shares of £1 each	371,000	371,000

### 9. Reserves

	<i>Profit and loss account</i> £
At 1 April 2012	(2,262,690)
Profit for the year	714,992
At 31 March 2013	(1,547,698)

## Notes to the financial statements

### 10. Reconciliation of movement in shareholders' deficit

	2013 £	2012 £
Opening shareholders' deficit	(1,891,690)	(518,197)
Profit/(loss) for the year	714,992	(1,373,493)
Closing shareholders' deficit	<u>(1,176,698)</u>	<u>(1,891,690)</u>

### 11. Related party transactions

The Company's ultimate parent company 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.

During the year the Company provided working capital finance to the wholly owned limited liability partnerships held by the Company's parent undertaking, Virgin Care Limited. Interest income received in respect of these loans totalled £35,480 (2012 - £46,433) in the year. The balances owed to the Company at the balance sheet date were £1,920,596 (2012 - £2,422,685). In addition the balance owed by VH Doctors Limited at the balance sheet date is £280,000 (2012 - £210,000). A total provision of £1,740,596 (2012 - provision of £2,422,685) has been made against these balances, resulting in the net balances disclosed in note 6.

As a 100% owned subsidiary of Virgin Care Limited, the Company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party Disclosures, which enables it to exclude disclosure of transactions with Virgin Care Limited and its wholly owned subsidiaries.

VH Doctors Limited is considered a related party as it is a subsidiary of the Company's parent undertaking, Virgin Care Limited, by virtue of Virgin Care Limited having dominant influence over VH Doctors Limited.

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

	31 March 2013	31 March 2013	31 March 2012
	<i>Interest</i>	<i>Amounts owed</i>	<i>Amounts owed</i>
	<i>Income From</i>	<i>by</i>	<i>by</i>
	£	£	£
VH Doctors Limited	-	280,000	210,000

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## Notes to the financial statements

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### 12. Ultimate parent undertaking and controlling party

The parent undertaking of Virgin Care Accounts Limited is Virgin Care Limited. The Company is a subsidiary undertaking 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 Wings Limited and Virgin Holdings Limited respectively, companies both registered in England and Wales. Copies of the group accounts of Virgin Holdings Limited and Virgin Wings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.