
VH Community Services Limited

Directors' Report and Financial Statements

For the Year Ended 31 March 2019



VH Community Services Limited

Contents

	Page
Company Information	1
Directors' Report	2 - 3
Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements	4
Independent Auditor's Report to the Members of VH Community Services Limited	5 - 7
Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 21

VH Community Services Limited

Company Information

Directors	S T A Master A J Moore P J Taylor
Registered number	7568015
Registered office	6600 Daresbury Business Park, Warrington, Cheshire, WA4 4GE
Independent auditor	KPMG LLP Chartered Accountants 1 St Peter's Square Manchester M2 3AE

VH Community Services Limited

Directors' Report For the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

The Company has met the requirements in the Companies Act 2006 to obtain the exemption provided, based on its size, from the presentation of a Strategic report.

Principal activity

The principal activity of the business is the provision of clinical services.

Results and dividends

The profit for the year, after taxation, amounted to £3,794 (2018 - £7,385).

The directors do not recommend the payment of a dividend for 2019 (2018 - £NIL).

Directors

The directors who served during the year were:

S T A Master
A J Moore
P J Taylor

Political and charitable contributions

The Company made no political or charitable donations nor incurred any political expenditure during the year (2018 - £NIL).

Going concern

The directors have prepared the financial statements on the going concern basis for the reasons set out in note 1.8 to the financial statements.

Disclosure 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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

Qualifying third party indemnity provisions

During the year, and at the date of signing this report, the Company maintained liability insurance and third party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies.

Subsequent events

The directors have considered that there are no subsequent events to the date of signing.

VH Community Services Limited

**Directors' Report (continued)
For the Year Ended 31 March 2019**

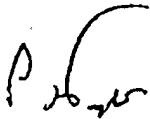
Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 17 December 2019 and signed on its behalf.



P J Taylor
Director
VH Community Services Limited
6600 Daresbury Business Park,
Warrington,
Cheshire,
WA4 4GE

VH Community Services Limited

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements For the Year Ended 31 March 2019

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Independent Auditor's Report to the Members of VH Community Services Limited

Opinion

We have audited the financial statements of VH Community Services Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Brexit other matter paragraph

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analyzed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of VH Community Services Limited

Strategic Report and Directors' Report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company'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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorresponsibilities.

Independent Auditor's Report to the Members of VH Community Services Limited

The purpose of our audit work and to whom we owe our responsibilities

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.

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date:

17 December 2019

VH Community Services Limited

**Profit and Loss Account and Other Comprehensive Income
For the Year Ended 31 March 2019**

	Note	2019 £	2018 £
Turnover	3	831,576	1,155,297
Cost of sales		(826,192)	(1,155,297)
Gross profit		5,384	-
Administrative expenses		(1,590)	(7,385)
Operating profit/ (loss)	4	3,794	(7,385)
Profit \ (loss) for the financial year and total comprehensive income		3,794	(7,385)

There was no other comprehensive income for 2019 (2018: £NIL).

All of the results shown above relate to continuing operations.

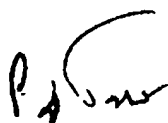
The notes on pages 11 - 21 form part of these financial statements.

VH Community Services Limited
Registered number: 7568015

Balance Sheet
As at 31 March 2019

		2019	2019	2018	2018
	Note	£	£	£	£
Current assets					
Debtors: amounts falling due within one year	8	984,883		1,710,354	
Cash at bank and in hand		<u>80,007</u>		<u>306,709</u>	
		1,064,890		2,017,063	
 Creditors: amounts falling due within one year	 9	 <u>(1,089,675)</u>	 	 <u>(2,045,642)</u>	
Net current liabilities			(24,785)		(28,579)
Total assets less current liabilities			(24,785)		(28,579)
 Net liabilities			 <u>(24,785)</u>		 <u>(28,579)</u>
 Capital and reserves					
Called up share capital	10		100		100
Profit and loss account			<u>(24,885)</u>		<u>(28,679)</u>
Shareholders' deficit			<u>(24,785)</u>		<u>(28,579)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2019.



P J Taylor

Director

The notes on pages 11 - 21 form part of these financial statements.

VH Community Services Limited

Statement of Changes In Equity For the Year Ended 31 March 2019

	Called up Share capital £	Retained earnings £	Total equity £
At 1 April 2018	100	(28,679)	(28,579)
Comprehensive income for the year			
Profit for the year	-	3,794	3,794
Total comprehensive income for the year	-	3,794	3,794
At 31 March 2019	100	(24,885)	(24,785)

Statement of Changes in Equity For the Year Ended 31 March 2018

	Called up Share capital £	Retained earnings £	Total equity £
At 1 April 2017	100	(21,294)	(21,194)
Comprehensive income for the year			
Loss for the year	-	(7,385)	(7,385)
Total comprehensive income for the year	-	(7,385)	(7,385)
At 31 March 2018	100	(28,679)	(28,579)

The notes on pages 11 - 21 form part of these financial statements.

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

VH Community Services Limited ("the Company") is a company incorporated and domiciled in the UK.

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international Financial Reporting Standards as adopted by the EU ("adopted IFRSs") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

The Company's ultimate parent within the UK, Virgin Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In these financial statements, the company has applied exemptions available under FRS101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investments;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Virgin Holdings Limited include the equivalent disclosures, the LLP has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Disclosures required by IFRS 7 Financial Instrument Disclosures;
- Disclosures required by IFRS 13 Fair Value Measurement.

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies (continued)

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investment in trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.4 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.5 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.6 Turnover

Turnover comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax. Turnover is recognised as the services are provided.

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies (continued)

1.7 Pensions

Staff have access to the NHS Pension Scheme which is a multi-employer defined benefit scheme which is contracted out of the state second pension. Because of the mutual nature of this scheme, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The Company is therefore exposed to actuarial risks associated with other institution's employees and is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Therefore the scheme is accounted for as if it were a defined contribution scheme. As a result the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.8 Going concern

The Company meets its day to day working capital requirements from cash reserves and shareholder funding in the form of equity and loans from, and intragroup balances with, companies in the group headed by Virgin Holdings Limited. The Company has no external bank funding facilities.

As at 30 November 2019 the group had cash resources of £2,574,707.

The Company is part of the "Care" subgroup of a group headed by Virgin Holdings Limited, the ultimate parent company. The Company provides clinical services and is funded through intra-group working capital balances as detailed in note 9. The Company is financially reliant on parent company support and operationally dependent on a fellow subsidiary within the Care sub-group.

The financial statements have been prepared on the going concern basis which the directors of both the Care group and VH Community Services Limited believe to be appropriate for the following reasons:

- The directors have prepared base and sensitised cash flow forecasts for the Care group for a period that exceeds twelve months from the date of authorisation of these financial statements. Those forecasts are dependent on the parent entity Virgin Holdings Limited therefore not seeking repayment from the Company. Virgin Holdings Limited have indicated that they will not intend to seek repayment of these amounts for a period of at least twelve months from the date of approval of the financial statements.
- The Care group as a whole has a history of losses but is forecast to be profitable at an EBITDA level for the year ending 31 March 2020 and for this to continue for at least the next three years.
- Although the Care group is expected to be profitable at an EBITDA level continued financial support is required from the ultimate parent to fund the changes in working capital. The Care group is expected to be cash generative in financial year 2021.

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies (continued)

1.8 Going Concern (continued)

The directors' intention would be that such funding would be sought from its shareholders as needed and have received a letter from the Company's shareholders stating that it is their present intention to provide such financial support as is necessary to enable Virgin Healthcare Holdings Limited and its direct and indirect Subsidiaries (including VH Community Services Limited) to meet their respective ongoing financial obligations as and when they fall due for the foreseeable future and in any event for a period of no less than twelve months from the date of the audit report, for so long as Virgin Holdings Limited holds shares in the Company (and, indirectly, in the Subsidiaries).

The directors have considered whether there are any uncertainties which would impact their assessment of the company's ability to continue to adopt the going concern basis of accounting.

The Company's principal activity is the provision of NHS, local authority and social care services. Inherent in the nature of this business is the fact that maturing contracts will come to an end while the company continues to bid for new contracts. This means that within its portfolio the Company will have some mature contracts providing a stable and certain source of revenue as well as contracts which will be nearing the end of their contractual lives. This can give rise to a predictable yet fluctuating revenue stream from year to year which requires a corresponding adjustment in the cost of centralised support for transaction processing and governance. The directors have seen a net reduction in revenue with effect from 1st April 2019 as the value of maturing contracts exceeded the value of new contracts. The nature and lengths of contracts provides an appropriate lead time and planning cycle for the directors to execute appropriate cost restructuring plans without impacting clinical quality. The directors consider these factors together with costs being largely under the control of management to limit uncertainty around successful implementation.

In addition, the Care group has incurred significant operating losses from the East Staffordshire Clinical Commissioning Group Improving Lives contract. In order to mitigate these losses the Care Group gave notice of termination for the full contract during the financial year. The Care group exited the subcontracted hospital-based services from 30th June 2019 and is to exit the Community services element of the contract on the 31 March 2020.

These factors have been taken into consideration in the cash forecast for the Care group which have been shared with the shareholder to inform the level of funding required. Further, the directors consider they have a realistic expectation that by taking these actions the Company will be able to reduce the quantum of financial support in time it will require from its shareholder and become cash generative.

As a result of the foregoing, the directors consider the Company has access to sufficient funding from its shareholder to enable the company to meet its liabilities as they fall due for payment for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis. 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 the financial statements they have no reason to believe that it will not do so.

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

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

1. Accounting policies (continued)

1.9 Current and Deferred Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.10 Intra-group arrangements

The bank balances of the sub group headed up by Virgin Healthcare Holdings Limited (the 'group') are pooled together on a group basis and swept into an overnight deposit account. Consequently, individual entity bank accounts may show an overdrawn position at any time, but overall the group has the capacity to offset any positive cash balances against any negative cash balances and always maintains a net positive cash position across the group as a whole. As a result the group has no requirement for a formal overdraft facility. This right of offset is underwritten by cross company guarantees (or otherwise known as credit insurance). Therefore the arrangement is treated as an insurance contract and not a derivative. Subsequently, if indebtedness occurs within the group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies (continued)

1.11 New accounting standards effective and applied in these financial statements

The Company has adopted the following new accounting standards, amendments to standards and interpretations under IFRS. The adoption of which have had no material financial effect or transitional adjustments on the Partnership for these financial statements:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial instruments: Recognition and Measurement. Under the new standard, trade and other receivables and cash and cash equivalents are classified as financial assets measured at amortised cost, rather than loans and receivables as per IAS 39. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected creditor loss' (ECL) model, causing credit losses to be recognised earlier. The cumulative impact on adoption of this standard has not been significant.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services, which requires judgement.

Upon adoption of this standard, there were no changes to the existing revenue recognition methods and no impact on the amount or timing of revenue recognised.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors do not believe there are any key sources of estimation uncertainty at the balance sheet date that may cause material adjustments to the carrying amounts of assets or liabilities within the next financial year.

The Directors do not believe there are any critical accounting judgements in applying the Company's accounting policies

3. Turnover

All turnover arose within the United Kingdom, from undertaking the Company's principal activity, which is the provision of clinical services.

4. Operating profit / (loss)

The operating profit / (loss) is stated after charging:

	2019	2018
	£	£
Fees for the audit of the Company	10,450	7,200

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company, Virgin Holdings Limited.

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

5. Employees

Staff costs were as follows:	2019	2018
	£	£
Wages and salaries	661,155	941,201
Social security costs	69,911	98,878
Cost of defined contribution scheme	95,126	115,218
	826,192	1,155,297

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

	2019	2018
	No.	No.
Direct staff	27	28

6. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	12,741	12,530
Contributions to pension scheme	139	1,383
	12,880	13,913

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

7. Taxation

The current tax charge for the year ended 31 March 2019 is £NIL (2018- £NIL). The deferred tax charge for the year ended 31 March 2019 is £NIL (2018 - £NIL).

	2019	2018
	£	£
Total current tax	-	-
Total deferred tax	-	-
Total tax	-	-

VH Community Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

7. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit / (loss) for the year	3,794	(7,385)
Total tax expense	-	-
Profit / (loss) excluding tax charge	<u>3,794</u>	<u>(7,385)</u>
 Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	 721	 (1,403)
 Effects of:		
Group relief	(9,772)	(20,488)
Adjustments brought forward values	31,451	-
Transfer pricing adjustments	(8,770)	-
Reduction in tax rate on deferred tax balances	(1,435)	2,304
Deferred tax not recognised	(12,195)	19,587
 Total tax charge for the year	 <u>-</u>	 <u>-</u>

VH Community Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

7. Taxation (continued)**Factors that may affect future tax charges**

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the group's future current tax charge accordingly. The deferred tax asset at 31 March 2019 has been calculated based on the rate of 17% 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 101 no asset has been recognised for the potential deferred tax asset of £138,632 (2018 - £301,573) arising from short term timing differences of £815,483 (2018 - £1,773,958) as the short term timing differences are not expected to reverse in the foreseeable future.

8. Debtors

	2019 £	2018 £
Amounts owed by parent undertaking	984,783	1,710,254
Other debtors	100	100
	<u>984,883</u>	<u>1,710,354</u>

Amounts owed by group undertakings are repayable on demand.

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	-	251,506
Amounts owed to related party	242,888	-
Taxation and social security	20,111	96,835
Other creditors	816,226	1,691,842
Accruals and deferred income	10,450	5,459
	<u>1,089,675</u>	<u>2,045,642</u>

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. Pension commitments

The Company contributes to the NHS Pension Scheme for its employees and directors, which is a multi-employer defined benefit pension scheme. Because it is not possible to separately identify the Company's share of the underlying assets and liabilities of the scheme, the scheme is accounted for as if it were a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable. The pension cost charge represents the contributions payable by the Company to the scheme and this amounted to £95,126 (2018 - £115,218). Contributions totaling £816,226 (2018 - £1,691,842) were payable to the scheme at the balance sheet date and are included in other creditors.

12. Contingent liabilities

As of the date of signing of the statutory accounts, the directors considered there to be no contingent liabilities (2018: NIL).

13. Related party transactions

The Company's ultimate parent undertaking is Virgin Group Holdings Limited, whose sole shareholder is Sir Richard Branson. The shareholder of Virgin Group Holdings Limited has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures.

As a 100% owned subsidiary of Virgin Care Services Limited, the Company has taken advantage of the exemption which enables it to exclude disclosure of transactions with Virgin Care Services Limited and its wholly owned subsidiaries.

VH Doctors Limited shares a common director with Virgin Care Limited, such that VH Doctors Limited is considered to be a related party of Virgin Care Limited. Virgin Care Services Limited, Virgin Care Tech Limited, Virgin Care Provider Services Limited and VH Community Services Limited are all related parties of VH Doctors Limited as they are all wholly owned subsidiaries of Virgin Care Limited. The LLP's which are subsidiaries of Virgin Care Limited are also related parties.

Included in Amounts owed to related party, is £242,888 (2018 - £242,888) owed to VH Doctors Limited. There were no purchases during the year.

VH Community Services Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

14. Controlling party

The parent undertaking of VH Community Services Limited is Virgin Care Services Limited. Its registered office is 6600 Daresbury Business Park, Warrington, Cheshire, WA4 4GE. 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 Holdings Limited and Virgin UK 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.