Registered number: 06565563

Virgin Care Corporate Services Limited

Directors' Report and Financial Statements

For the Year Ended 31 March 2018

Contents

Company Information

Directors	E B Johnson V M McVey
Registered number	06565563
Registered office	Lynton House 7-12 Tavistock Square London WC1H 9LT
Independent auditor	KPMG LLP Chartered Accountants Liverpool L3 1QH

Directors' Report
For the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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 during the year was as a holding company which holds minority interests in the limited liability partnerships which are subsidiaries of the Company's parent undertaking, Virgin Care Limited.

A number of the limited liability partnerships are profitable and the directors expect further future income from the limited liability partnership investments.

Results and dividends

The profit for the year, after taxation, amounted to £26,791 (2017 - £41,089).

The directors do not recommend the payment of a dividend for 2018 (2017 - £nil). The retained profit for the financial year of £26,791 (2017 - £41,089) has been transferred to reserves.

Directors

The directors who served during the year were:

E B Johnson
V M McVey

Political contributions

The Company made no political or charitable donations, nor incurred any political expenditure in the year (2017 - £nil).

Principal risks and uncertainties

Virgin Care operates a Risk Management Framework in order to manage the risks and uncertainties of the business.

In respect of Virgin Care Corporate Services Limited there are not considered to be any significant risks requiring active management.

Going Concern

The Directors have prepared the financial statements on the going concern basis for the reasons set out in note 1.3 to the financial statements.

Directors' Report (continued)
For the Year Ended 31 March 2018

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.

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 20.12.18 and signed on its behalf.

Vivienne M McVey

V M McVey
Director
Virgin Care Corporate Services Limited
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements
For the Year Ended 31 March 2018

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 (UK Generally Accepted Accounting Practice) and applicable law, 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 to 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 Virgin Care Corporate Services Limited

Opinion

We have audited the financial statements of Virgin Care Corporate Services Limited ("the company") for the year ended 31 March 2018 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 2018 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' Report

The directors are responsible for the 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 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 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.

Independent Auditor's Report to the Members of Virgin Care Corporate Services Limited

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.

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.

Will Baker (Senior Statutory Auditor)

for and on behalf of

KPMG LLP

Chartered Accountants

Liverpool

L3 1QH

Date: 21|12|18

Profit and Loss Account and Other Comprehensive Income
For the Year Ended 31 March 2018

	Note	2018 £	2017 £
Administrative expenses	3	**(3,000)**	(875)
Operating loss		**(3,000)**	(875)
Income from shares in group undertakings		**29,791**	41,964
Profit before tax		**26,791**	41,089
Profit for the financial year		**26,791**	41,089

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account and other comprehensive income.

The notes on pages 10 to 18 form part of these financial statements.

Balance Sheet
As at 31 March 2018

	Note		2018		2017
			£		£
Current assets					
Debtors	7	**270,611**		240,820	
Creditors: amounts falling due within one year	8	**(5,725)**		(2,725)	
Net current assets			**264,886**		238,095
Total assets less current liabilities			**264,886**		238,095
Net assets			**264,886**		238,095
Capital and reserves					
Called up share capital	9		**1**		1
Retained earnings			**264,885**		238,094
			264,886		238,095

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

20.2.18

Viviane McVey

V M McVey
Director

The notes on pages 10 to 18 form part of these financial statements.

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

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2017	1	238,094	238,095
Comprehensive income for the year			
Profit for the year	-	26,791	26,791
Total comprehensive income for the year	-	26,791	26,791
At 31 March 2018	1	264,885	264,886

Statement of Changes in Equity
For the Year Ended 31 March 2017

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2016	1	197,005	197,006
Comprehensive income for the year			
Profit for the year	-	41,089	41,089
Total comprehensive income for the year	-	41,089	41,089
At 31 March 2017	1	238,094	238,095

The notes on pages 10 to 18 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

Virgin Care Corporate 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 were necessary in order to complies with Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

The Company's ultimate controlling entity 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 Company 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.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1. Accounting policies (continued)

1.3 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 30th November 2018 the group had cash resources of £6,457,237.

The company is part of the "Care" sub-group of a group headed by Virgin Holdings Limited, the ultimate parent company. The Company holds minority interests in the limited liability partnerships ('LLPs') of the group and receives income from these investments via a profit share that it continues to accrue but does not receive any cash. Its ability to continue as a going concern therefore relies on the ability of the LLPs to repay balances due as noted in note 7, accrued income. 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 believe to be appropriate for the following reason. The directors have prepared base and sensitised cash flow forecasts for a period that exceeds twelve months from the date of authorisation of these financial statements. The company (and the "Care" sub-group as a whole) has a history of losses and is not expected to be cash generative in the 12 months following year end. Forecasts indicate that the group will require additional funding to meet its liabilities as they fall due, the amount of which will depend on the operational performance of the company and the Care group.

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 its present intention is to provide such financial support as is necessary to enable each of the Company and the Subsidiaries (through the Company) 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 VHL 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 are anticipating a net reduction in revenue with effect from 1st April 2019 as the value of maturing contracts exceeds 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. The losses arise from the non-payment by the CCG of national tariff for acute subcontracted hospital-based services and the costs of such services being greater than the allocated contract value. In order to mitigate these losses Group has given notice of termination of the subcontracted hospital-based services which will come into effect in

1. Accounting policies (continued)

1.3 Going concern (continued)

May/June 2019. This action was taken by the Directors in order to mitigate a potentially material uncertainty.

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 additional financial support 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.

1.4 Income from interest in group undertakings

The income from the Company's 1% investment in the Limited Liability Partnerships which are subsidiaries of Virgin Care Limited, the company's parent undertaking, is recognised based on the Company's share of profits available for distribution for the year ended 31 March 2018.

1.5 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. Accounting policies (continued)

1.6 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.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. Accounting policies (continued)

1.9 Current and deferred taxation

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 temporary 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 again which the temporary difference can be utilised.

1.10 Intra-group arrangements

The group's bank balances 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.

2. Judgments 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. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2018	2017
	£	£
Fees for the audit of the Company	**3,000**	875
	3,000	875

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*.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

5. Directors' remuneration

The Directors did not receive any remuneration directly from the Company (2017 - £nil). The Directors remuneration is borne by Virgin Care Limited (group member) and is considered impractical to split across the Virgin Care Group.

6. Taxation

The current tax charge for the year ended 31 March 2018 is £nil (2017: £nil). The deferred tax for the year ended 31 March 2018 is £nil (2017: £nil).

	2018	2017
	£	£
Total current tax	**-**	-
Deferred tax		
Total deferred tax	**-**	-
Taxation on profit on ordinary activities	**-**	-

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit for the year	**26,791**	41,089
Total tax expense	**-**	-
Profit excluding tax charge	**26,791**	41,089
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**5,090**	8,218
Effects of:		
Group relief (claimed)	**(5,090)**	(8,218)
Total tax charge for the year	**-**	-

6. 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 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions 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 2018 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

7. Debtors

	2018 £	2017 £
Other debtors	**1**	1
Accrued income	**270,610**	240,819
	270,611	240,820

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Accruals and deferred income	**5,725**	2,725
	5,725	2,725

9. Share capital

	2018 £	2017 £
Allotted, called up and partly paid		
1 ordinary share of £1	**1**	1

10. Ultimate parent undertaking and controlling party

The parent undertaking of Virgin Care Corporate Services is Virgin Care Limited. It's registered office is Lynton House, 7-12 Tavistock Square, London, WC1H 9LT. 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.