

Virgin Care Stockton LLP

Annual Report and Financial Statements

For the Year Ended 31 March 2018

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Virgin Care Stockton LLP

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Virgin Care Stockton LLP

Information

Designated Members

Virgin Care Limited

Virgin Care Corporate Services Limited

LLP registered number

OC338425

Registered office

Lynton House, 7-12 Tavistock Square, London, WC1H 9LT

Virgin Care Stockton LLP

Member's Report For the Year Ended 31 March 2018

The members present their annual report together with the audited financial statements of Virgin Care Stockton LLP (the LLP) for the year ended 31 March 2018. The members confirm that the annual report and financial statements of the LLP comply with current statutory requirements and the requirements of the LLP's governing document.

Principal activities

The principal activity remains the provision of NHS primary care services. However during the year the contract with the NHS has ceased and it is anticipated the entity will be wound-up in the next 12 months.

Designated Members

Virgin Care Limited and Virgin Care Corporate Services Limited were designated members of the LLP throughout the period.

Members' capital and interests

At the commencement of the business Virgin Care Limited has invested a capital sum based on the number of patients registered with the practice members. The remainder of the members were not required to contribute capital to the LLP on incorporation. The capital invested by Virgin Care Limited was originally only repayable if the LLP is liquidated or wound up. On 25 March 2013 the LLP agreement was amended which resulted in the capital amounts becoming repayable on demand.

The policy on member's drawings states that, following each financial year, once the financial statements have been prepared, the whole of the profit shall, after setting off any losses brought forward from any previous financial year be distributed 99% to Virgin Care Limited and 1% to Virgin Care Corporate Services Limited.

Political and charitable donations

There were no political or charitable donations during the year (2017 : £nil).

Disclosure of information to auditor

Each of the persons who are members at the time when this Member's Report is approved has confirmed that:

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

Virgin Care Stockton LLP

**Member's Report (continued)
For the Year Ended 31 March 2018**

Auditors

The auditor, KPMG LLP, have indicated their willingness to continue in office. The Designated members will propose a motion re-appointing the auditor at a meeting of the members.

This report was approved by the members on 20.12.18 and signed on their behalf by:



Virgin Care Limited
Designated member
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Virgin Care Stockton LLP

Members' Responsibilities Statement For the Year Ended 31 March 2018

The members are responsible for preparing the Members' Report and the LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare LLP financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the LLP financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing these LLP financial statements, the members 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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. 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 LLP and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Virgin Care Stockton LLP

Opinion

We have audited the financial statements of Virgin Care Stockton LLP ("the LLP") for the year ended 31 March 2018 which comprise the Profit and Loss Account, the Balance Sheet, and related notes.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 LLP 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.

Emphasis of Matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1.3 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.

We have nothing to report in these respects.

Virgin Care Stockton LLP

Independent Auditor's Report to the Members of Virgin Care Stockton LLP

Members' responsibilities

As explained more fully in their statement set out on page 4, the members 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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

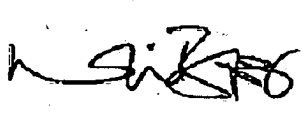
Auditor's responsibilities

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 further description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorresponsibilities. This description forms part of our Auditor's Report.

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

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP'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

8 Princes Parade
Liverpool
L3 1QH

Date: 21/12/18

Virgin Care Stockton LLP

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

	Note	2018 £	2017 £
Turnover	3	70,162	3,366,640
Cost of sales		(15,064)	(2,481,233)
Gross profit		55,098	885,407
Administrative expenses		(8,654)	(5,682)
Operating profit	4	46,444	879,725
Profit for the year before members' remuneration and profit shares		46,444	879,725
Profit for the year before members' remuneration and profit shares		46,444	879,725
Members' remuneration charged as an expense	5	(46,444)	(879,725)
Profit for the financial year available for discretionary division among members		-	-

There was no other comprehensive income for 2018(2017: £NIL).

The notes on 10- 16 form part of these financial statements.

Virgin Care Stockton LLP
Registered number: OC338425

Balance Sheet
As at 31 March 2018

	Note	2018 £	2017 £
Current assets			
Debtors: amounts falling due within one year	6	10,291,090	10,230,591
Bank & cash balances		98,302	246,928
		<u>10,389,392</u>	<u>10,477,519</u>
Creditors: amounts falling due within one year	7	(4,876,291)	(5,004,144)
Net current assets		<u>5,513,101</u>	<u>5,473,375</u>
Total assets less current liabilities		<u>5,513,101</u>	<u>5,473,375</u>
 Net assets		 <u><u>5,513,101</u></u>	 <u><u>5,473,375</u></u>

Virgin Care Stockton LLP
Registered number: OC338425

Balance Sheet (continued)
As at 31 March 2018

	Note	2018 £	2018 £	2017 £	2017 £
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as a liability	8		198,814		198,814
Other amounts	8		5,314,287		5,274,561
			<u>5,513,101</u>		<u>5,473,375</u>
			<u>5,513,101</u>		<u>5,473,375</u>
Total members' interests					
Amounts due from members	6		(8,745,000)		(8,745,000)
Loans and other debts due to members	8		5,513,101		5,473,375
			<u>(3,231,899)</u>		<u>(3,271,625)</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime.

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 20.12.18

M. L. Jones

Virgin Care Limited
Designated member

The notes on pages 10 to 16 form part of these financial statements.

Virgin Care Stockton LLP has no equity and, in accordance with the provisions contained within the Statement of Recommended Practice "Accounting by Limited Liability Partnerships", has not presented a Statement of Changes in Equity.

Virgin Care Stockton LLP

Notes to the Financial Statements For the Year Ended 31 March 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

Virgin Care Stockton LLP ("the LLP") is incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the LLP applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS's"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The LLP's ultimate parent within the UK, Virgin Holdings Limited, includes the LLP 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 LLP has applied exemptions available under FRS101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliation's 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 Holding 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 Instruments Disclosures

The LLP 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.

Virgin Care Stockton LLP

Notes to the Financial Statements For the Year Ended 31 March 2018

1. Accounting policies (continued)

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The LLP has ceased trading during the year and it is therefore foreseen that the entity will be wound up in the next 12 months due to this cessation of trade. Accordingly, the going concern basis of accounting is no longer appropriate as at 31st March 2018. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclass fixed and long term liabilities as current assets and liabilities.

1.4 Turnover

Turnover comprises revenue recognised by the LLP in respect of services supplied during the year, exclusive of Value Added Tax and net of discounts.

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.

1.6 Members' remuneration charged as an expense

Members' remuneration charged as an expense includes management charges payable to Virgin Care Limited for providing various support services to the LLP. These are calculated in accordance with the terms set out in the LLP agreement. Members' remuneration charged as an expense includes the profits which are attributable to the members which are automatically allocated to them in accordance with the terms of the LLP agreement.

1.7 Impairment of financial assets (including trade and other debtors)

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 LLP 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.

Virgin Care Stockton LLP

Notes to the Financial Statements For the Year Ended 31 March 2018

1. Accounting policies (continued)

1.8 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.

1.9 Taxation

The taxation payable on partnership profits is the liability of the members during the year. Consequently, neither partnership taxation nor related deferred taxation are accounted for in the financial statements.

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

In preparation of the statutory accounts there is limited judgement in application of accounting policies other than Accrued income. Accrued income poses a risk of uncertainty due to the timing of reconciliations with customers meaning at year end not all balances are agreed, billed and paid. However by the time the statutory accounts are signed the vast majority of customers have been reconciled and actual invoices raised based on this process. Therefore the exposure to significant estimation uncertainty is limited.

3. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Provision of Medical Services	70,162	3,366,640
	<u>70,162</u>	<u>3,366,640</u>

All turnover arose within the United Kingdom.

Virgin Care Stockton LLP

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Fees payable to the LLP's auditor and its associates for the audit of the company's annual accounts	<u>5,022</u>	<u>5,500</u>

5. Members' remuneration charged as an expense

	2018 £	2017 £
Management charge payable to Virgin Care Limited under the terms of the LLP agreement	1,696	64,450
Automatic distribution of profits to members	44,748	815,275
	<u>46,444</u>	<u>879,725</u>

6. Debtors

	2018 £	2017 £
Due within one year		
Trade debtors	34,868	103,615
Amounts owed by group undertakings	1,510,558	1,150,751
Other debtors	664	26,601
Prepayments and accrued income	-	204,624
Amounts due from members	8,745,000	8,745,000
	<u>10,291,090</u>	<u>10,230,591</u>

Virgin Care Stockton LLP

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

7. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,448	34,051
Amounts owed to group undertakings	4,659,005	3,973,595
Taxation and social security	-	1,694
Accruals and deferred income	213,838	994,804
	<u>4,876,291</u>	<u>5,004,144</u>

8. Loans and other debts due to members

	2018 £	2017 £
Member capital treated as debt	198,814	198,814
Amounts due to members	5,314,287	5,274,561
	<u>5,513,101</u>	<u>5,473,375</u>

Loans and other debts due to members may be further analysed as follows:

	2018 £	2017 £
Falling due within one year	5,513,101	5,473,375
	<u>5,513,101</u>	<u>5,473,375</u>

Members' capital classed as a liability of £198,814 (2017 : £198,814) rank after unsecured creditors in the event of a winding up. Loans and other debts due to members within one year rank equally with debts due to ordinary creditors in the event of a winding up.

Virgin Care Stockton LLP

Notes to the Financial Statements For the Year Ended 31 March 2018

9. Related party transactions

The LLP's ultimate parent undertaking was 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 under FRS101 are considered exempt from disclosure.

As a wholly owned subsidiary of Virgin Healthcare Holdings Limited, the LLP has taken advantage of the exemption available in FRS101 which enables it to exclude disclosure of transactions and balances with Virgin Healthcare Holdings Limited and its wholly owned subsidiaries.

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

Included in amounts owed to group undertakings, is £441,254 (2017 - £109,020) owed to VH Doctors Limited.

Purchases during the year were £nil (2017 - £98,250). Sales during the year were £nil (2017 - £nil).

10. Ultimate parent undertaking and controlling party

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

Virgin Care Stockton LLP

Reconciliation of Members' Interests
For the Year Ended 31 March 2018

	DEBT			Total members' interests
	Loans and other debts due to members less any amounts due from members in debtors			
	Members' capital (classified as debt)	Other amounts	Total	Total
	£	£	£	£
Balance at 31 March 2017	198,814	(3,470,439)	(3,271,625)	(3,271,625)
Members' interests after profit for the year	198,814	(3,470,439)	(3,271,625)	(3,271,625)
Amounts introduced by members	-	(5,022)	(5,022)	(5,022)
Members' remuneration charged as an expense	-	46,444	46,444	46,444
Other amounts	-	(1,696)	(1,696)	(1,696)
Amounts due to members	198,814	5,314,287	5,513,101	5,513,101
Amounts due from members	-	(8,745,000)	(8,745,000)	(8,745,000)
Balance at 31 March 2018	198,814	(3,430,713)	(3,231,899)	(3,231,899)