

Virgin Management Limited

Directors' report and financial statements

Registered number 1568894

31 December 2014

MONDAY



L4GW5UOH

LD6

28/09/2015

#219

COMPANIES HOUSE

Contents

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 19

Strategic report

for the year ended 31 December 2014

Virgin Management Limited is principally engaged in providing management services to its subsidiaries and other affiliated companies.

The strategic report is presented in the following sections:

- Business review
- Risk review

Business review

Summary financial performance and key performance indicators

For the 12 months ended 31 December 2014 Virgin Management Limited recorded a profit before tax of £93.0m, compared with a £49.0m profit before tax for the 9 months ended 31 December 2013. The increase in profit before tax is largely driven by distribution income received during the year (refer to Note 2 to these financial statements).

For the 12 months ended 31 December 2014 turnover totalled £18.9m, compared with £16.6m for the 9 months ended 31 December 2013. Revenue is dependent on the level of costs incurred in the provision of services to affiliated companies, and on a pro rata basis has decreased in 2014 due to lower costs.

At 31 December 2014, the Company had net assets of £990.2m (31 December 2013: £1,211.5m), a decrease of 18%, owing to dividends paid as part of a reorganisation.

Development and performance of the business

The Company's performance for the period is consistent with that of the prior year, and no significant changes to the business are currently expected for the foreseeable future.

Risk review

The Company provides services to its subsidiaries and other affiliated entities in the Virgin Group in line with contracts agreed between the relevant parties. There is a risk that the scope and nature of these contracts is changed as and when they are renewed, or that the level of services is adversely impacted by a reduction in these entities' business operations as a result of poor trading or economic downturn. In order to minimise these risks, there is a focus across all activities of the Company on cost control and efficient operation.

Going concern

The Company has adequate financial resources available to it, and going forward no significant adverse changes are expected in relation to its income streams or cost base at this present time. As a consequence, the directors believe that the Company is well placed to manage its business risks.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board on 16 June 2015 and signed on its behalf.


B A R Gerrard
Company Secretary

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year, after taxation, amounted to £92,505,000 (9 month period ended 31 December 2013 - £48,921,000).

On 10 December 2014, the Company paid a dividend of £314,753,410.

Directors

The directors who served during the period were:

G D McCallum (alternate to I P Woods) (resigned 8 January 2015)

I P Woods

N A R Fox

R P Blok (alternate to N A R Fox)

Provision of information to auditors

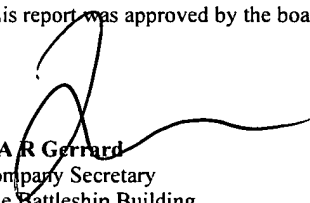
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 16 June 2015 and signed on its behalf.



B A R Gerrard
Company Secretary
The Battleship Building
179 Harrow Road
London
W2 6NB

Directors' responsibilities statement
for the year ended 31 December 2014

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

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

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

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

Independent auditors' report to the members of Virgin Management Limited

We have audited the financial statements of Virgin Management Limited for the year ended 31 December 2014, set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Sarah Styant (Senior statutory auditor)
for and on behalf of

KPMG LLP
Chartered Accountants
Registered Auditor
15 Canada Square
London
E14 5GL

18 June 2015

Profit and loss account
for the year ended 31 December 2014

		<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
	<i>Note</i>		
Turnover	1	18,907	16,592
Administrative expenses	2	(4,289)	16,941
Other operating income	2	36,571	2,665
		<hr/>	<hr/>
Operating profit	3	51,189	36,198
Profit/(loss) on disposal of investments	10	4,864	(7,494)
Interest receivable and similar income	7	36,971	25,230
Interest payable and similar charges	8	(23)	(4,928)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		93,001	49,006
Tax on profit on ordinary activities	9	(496)	(85)
		<hr/>	<hr/>
Profit for the financial year		92,505	48,921
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for the current year or prior period other than those included in the Profit and loss account.

The notes on pages 7 to 19 form part of these financial statements.

Balance sheet
as at 31 December 2014

	<i>Note</i>	£000	2014 £000	2013 £000
Fixed assets				
Tangible assets	10		1,027	1,300
Investments	11		943,024	5,692
			<u>944,051</u>	<u>6,992</u>
Current assets				
Debtors	12	53,196		1,215,581
Cash at bank		2,500		2,064
		<u>55,696</u>		<u>1,217,645</u>
Creditors: amounts falling due within one year	13	<u>(9,355)</u>		<u>(12,912)</u>
Net current assets			<u>46,341</u>	<u>1,204,733</u>
Total assets less current liabilities			<u>990,392</u>	<u>1,211,725</u>
Creditors: amounts falling due after more than one year	14		(37)	(52)
Provisions for liabilities				
Other provisions	15		<u>(172)</u>	<u>(129)</u>
Net assets			<u><u>990,183</u></u>	<u><u>1,211,544</u></u>
Capital and reserves				
Called up share capital	16		-	15,948
Share premium account	17		887	928,033
Profit and loss account	17		<u>989,296</u>	<u>267,563</u>
Shareholders' funds			<u><u>990,183</u></u>	<u><u>1,211,544</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 June 2015.



I P Woods
Director

The notes on pages 7 to 19 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Company's financial statements.

1.1 Basis of preparation of financial statements

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard No. 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

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

1.2 Turnover

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

Revenue is recognised at the time the relevant management service is provided.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	15% per annum
Plant & machinery	-	12.5 - 25% per annum
Computer equipment	-	25% per annum

1.4 Investments

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

1.5 Operating leases

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

1.6 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

Notes to the financial statements

1. Accounting policies (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.8 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period.

2. Other operating income

	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
Other operating income	209	2,665
Distribution income	36,362	-
	<u>36,571</u>	<u>2,665</u>

On 13 November 2014, the Company received a distribution from VA Holdings (Guernsey) LP of £54,207,889, £17,845,636 has been recorded as a return of capital.

3. Operating profit

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

	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
Depreciation of tangible fixed assets:		
- owned by the company	671	453
Difference on foreign exchange	18	(5)
Provision against bad debts	(2,173)	-
Gain on sale of fixed assets	(2)	(21)
Provisions made/(released) against amounts due from related undertakings	7,423	(32,339)
	<u>7,423</u>	<u>(32,339)</u>

Notes to the financial statements

4. Auditors' remuneration

	<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>18</u>	<u>18</u>

5. Staff costs

Staff costs were as follows:

	<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
Wages and salaries	13,244	9,295
Social security costs	1,048	1,204
Other pension costs	710	545
Total	<u>15,002</u>	<u>11,044</u>

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

	<i>12 months ended 31 December 2014</i>	9 months ended 31 December 2013
Administration	<u>88</u>	<u>84</u>

6. Directors' remuneration

	<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
Remuneration	<u>3,169</u>	<u>1,496</u>
Company pension contributions to defined contribution pension schemes	<u>24</u>	<u>44</u>

During the year retirement benefits were accruing to 2 directors (2013 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,813,000 (2013 - £726,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (Year ended 31 March 2013 - £nil).

Notes to the financial statements

7. Interest receivable

	<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
Interest receivable from group companies	27,665	21,117
Other interest receivable	5,577	4,113
Net foreign exchange gains	3,729	-
	<u>36,971</u>	<u>25,230</u>

8. Interest payable

	<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
On loans from group undertakings	23	-
Net foreign exchange losses	-	4,928
	<u>23</u>	<u>4,928</u>

9. Taxation

	<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
Analysis of tax (credit)/charge in the year/period		
Current tax (see note below)		
Adjustments in respect of prior periods	(4)	-
Deferred tax		
Origination and reversal of timing differences	500	-
Effect of decreased tax rate	-	85
Total deferred tax	<u>500</u>	<u>85</u>
Tax on profit on ordinary activities	<u>496</u>	<u>85</u>

Notes to the financial statements

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (Period ended 31 December 2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (Period ended 31 December 2013 - 23%). The differences are explained below:

	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
Profit on ordinary activities before tax	93,001	49,006
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (Period ended 31 December 2013 - 23%)	19,989	11,271
Effects of:		
Expenses not deductible for tax purposes	10,360	6,840
Capital allowances in excess of depreciation	(96)	(101)
Utilisation of UK tax losses brought forward	(18,165)	(8,175)
Adjustments to tax charge in respect of prior periods	(4)	-
Other timing differences	(522)	1
Non-taxable income	(11,618)	(9,836)
UK tax losses not utilised or not recognised	52	-
Current tax (credit)/charge for the year/period (see note above)	(4)	-

Factors that may affect future tax charges

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

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.

A reduction in the rate to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. A rate of 20% has been used within the deferred tax calculations within these financial statements.

	<i>12 months ended 31 December 2014 Recognised £000</i>	<i>12 months ended 31 December 2014 Unrecognised £000</i>	<i>9 months ended 31 December 2013 Recognised £000</i>	<i>9 months ended 31 December 2013 Unrecognised £000</i>
Excess of capital allowances over depreciation	-	(819)	-	(906)
Other timing differences	(66)	(13)	(566)	(12)
UK tax losses	-	(121)	-	(15,889)
Total	(66)	(953)	(566)	(16,807)

Notes to the financial statements

10. Tangible fixed assets

	<i>Leasehold improvements</i> £000	<i>IT equipment and software</i> £000	<i>Furniture & fittings</i> £000	<i>Total</i> £000
Cost				
At 1 January 2014	928	1,810	252	2,990
Additions	-	361	38	399
Disposals	-	(36)	-	(36)
At 31 December 2014	928	2,135	290	3,353
Depreciation				
At 1 January 2014	151	1,410	129	1,690
Charge for the year	357	258	56	671
On disposals	-	(35)	-	(35)
At 31 December 2014	508	1,633	185	2,326
Net book value				
At 31 December 2014	420	502	105	1,027
At 31 December 2013	777	400	123	1,300

Notes to the financial statements

11. Fixed asset investments

	<i>Investments in subsidiary companies</i> £000	<i>Investments in associates</i> £000	<i>Other fixed asset investments</i> £000	<i>Total</i> £000
Cost or valuation				
At 1 January 2014	41,005	-	18,712	59,717
Additions	1,316,220	3,333	-	1,319,553
Return of capital	(375,355)	-	(17,846)	(393,201)
At 31 December 2014	981,870	3,333	866	986,069
Impairment				
At 1 January 2014	40,360	-	13,665	54,025
Charge for the year	1,819	-	(12,799)	(10,980)
At 31 December 2014	42,179	-	866	43,045
Net book value				
At 31 December 2014	939,691	3,333	-	943,024
At 31 December 2013	645	-	5,047	5,692

On 15 January 2014, the Company's associate, Other Edition Limited, was dissolved. On this date the investment of £59 was written off and the provision of £59 was released.

On 3 November 2014, as part of a reorganisation undertaken to rationalise the structure of the Virgin group, the Company acquired 15,022,640 £1 ordinary shares in VEL Holdings Limited for consideration of £1,314,900,000.

On 4 November 2014, the Company's subsidiary, Virgin Car Leasing Limited, was dissolved. On this date the investment of £2 was written off and the provision of £2 was released.

On 26 November 2014, the Company sold its entire investment in VM Advisory Limited to Virgin Holdings Limited for a consideration of £1.

On 10 December 2014, the Company subscribed for 1 £1 ordinary share in Vanson Group Holdings Limited for a consideration of £1, satisfied by the transfer of intercompany debt.

On 10 December 2014, the Company received a dividend in specie of £147,008 from Virgin Broadcasting Limited. The dividend has been treated as a return of capital against the investment.

On 10 December 2014, the Company acquired 1 £1 ordinary share in Silkplan Limited for consideration of £3,333,000.

On 30 December 2014, the Company's other investment in NV Advisers LLP, was dissolved. On this date the investment of £49 was written off.

On 31 December 2014, the Company subscribed for 1 £1 ordinary share in Virgin Start Up Limited for consideration of £1,320,000.

On 2 April 2015, the Company acquired 74 US\$1 ordinary shares in Virgin Entertainment Holdings, Inc for consideration of £135,840,000.

On 4 May 2015, the Company subscribed for 1 US\$1 ordinary share in Virgin Entertainment Holdings, Inc for consideration of £33,821,000.

Notes to the financial statements

11. Fixed asset investments (continued)

Other investments comprise the Company's capital contribution in VA Holdings (Guernsey) LP, in which the Company is a limited partner.

On 13 November 2014, the Company received a distribution of £54,207,889 from VA Holdings (Guernsey) LP. £17,845,636 of this has been treated as a return of capital against the investment.

The companies in which the Company's interest at 31 December 2014 is more than 20% are as follows:

	Country of registration	Principal activity	Holding	Class of shares
<i>Subsidiary undertakings</i>				
XS Home Entertainment Limited	England & Wales	Investment holding company	100%	£1 Ordinary shares
Virgin Insight Limited	England & Wales	Research and relationship management company	100%	£1 Ordinary shares
Virgin (Bel) Limited	Cayman Islands	Investment holding company	100%	US\$1 Ordinary shares
Virgin Management Asia Pacific Pty Limited	Australia	Investment and management company	100%	AUD\$1 Ordinary shares
Virgin Start Up Limited	England & Wales	Not-for-profit organisation	100%	£1 Ordinary shares
VA Holdings (Guernsey) LP	Guernsey	Investor of Debt Instruments	50%	US\$1 Capital contribution
Vanson Group Holdings Limited	England & Wales	Non-trading	0.022%	£1 Ordinary shares
			99.98%	£1 Redeemable Preference
Virgin Broadcasting Limited	England & Wales	Non-trading	100%	£1 Ordinary shares
Virgin Group Limited	England & Wales	Dormant	100%	£1 Ordinary shares
Virgin Limited	England & Wales	Dormant	100%	£1 Ordinary shares
Virgin Trustee Services Limited	England & Wales	Dormant	100%	£1 Ordinary shares
Current Sponge Productions Limited	England & Wales	Dormant	90%	£1 Ordinary shares
VEL Holdings Limited	England & Wales	Investment holding company	100%	£1 Ordinary shares
Silkplan Limited	England & Wales	Property developer	33%	£1 Ordinary shares

On 16 April 2015, the Company sold its entire investment in Silkplan Limited, resulting in a profit on disposal of £239,000.

Notes to the financial statements

12. Debtors

	2014 £000	2013 £000
Trade debtors	377	483
Amounts owed by group undertakings	18,959	1,148,775
Other debtors	33,153	60,322
Prepayments and accrued income	641	901
Group relief	-	4,534
Deferred tax asset	66	566
	<u>53,196</u>	<u>1,215,581</u>

13. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	35	63
Amounts owed to group undertakings	2,685	3,485
Other taxation and social security	331	143
Other creditors	4,401	6,846
Accruals and deferred income	1,903	2,375
	<u>9,355</u>	<u>12,912</u>

14. Creditors: Amounts falling due after more than one year

	2014 £000	2013 £000
Other creditors	<u>37</u>	<u>52</u>

15. Provisions

	<i>Dilapidations provision</i> £000	<i>Onerous lease provision</i> £000	<i>Total</i> £000
At 1 January 2014	77	52	129
Additions	60	-	60
Amounts used	-	(17)	(17)
At 31 December 2014	<u>137</u>	<u>35</u>	<u>172</u>

Notes to the financial statements

16. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
2 (2013 - 159,483,219) Ordinary shares of £0.10 each	-	15,948

On 8 December 2014, the Company capitalised the full amount standing to the credit of its Profit and Loss Reserve by way of a bonus issue of 1 ordinary share of £0.10 issued at a premium of £357,540,875

On 9 December 2014, the Company effected a reduction of its share capital and cancelled 159,483,219 of its shares then in issue.

On 10 December 2014, the Company issued 1 £0.10 ordinary share at a premium of £886,631.50 to Voyager Group Limited in satisfaction of an intercompany debt.

17. Reserves

	<i>Share premium account</i> £000	<i>Profit and loss account</i> £000
At 1 January 2014	928,033	267,563
Profit for the financial year	-	92,505
Capital Reduction	-	943,981
Share premium - share issue	358,428	-
Share premium - capital reduction	(1,285,574)	-
Dividend	-	(314,753)
At 31 December 2014	887	989,296

During the year, the Virgin group implemented a reorganisation in order to reduce the number of debts outstanding between wholly owned Virgin group companies.

On 8 December 2014, the Company capitalised the full amount standing to the credit of its Profit and Loss Reserve by way of a bonus issue of 1 ordinary share of £0.10 issued at a premium of £357,540,875

On 9 December 2014, the Company effected a reduction of its share capital and cancelled 159,483,219 of its shares then in issue.

On 10 December 2014, the Company issued 1 £0.10 ordinary share at a premium of £886,631.50 to Voyager Group Limited in satisfaction of an intercompany debt.

On 10 December 2014, the Company declared a dividend of £314,753,410 satisfied by the transfer of intercompany debt receivable due from its parent company Virgin Holdings Limited.

Notes to the financial statements

18. Reconciliation of movement in shareholders' fund

	2014 £000	2013 £000
Opening shareholders' funds	1,211,544	1,162,623
Profit for the year/ period	92,505	48,921
Share premium - share issue, capital reduction	887	-
Dividend	(314,753)	-
Closing shareholders' funds	<u>990,183</u>	<u>1,211,544</u>

19. Contingent liabilities

The Company is party to a group overdraft facility of £50 million (2013: £50 million) of which £nil (2013: £nil) was drawn down, all of which is repayable on demand.

On 5 November 2014, Virgin Holdings Limited and Virgin Group Investments Limited, as borrowers and guarantors, and certain other subsidiaries of Virgin Group Holdings Limited, the Company's ultimate parent undertaking, entered into a multi-currency term facility of £150million with Lloyds Bank plc and Barclays Bank plc ("the VHL Facility"). The VHL Facility is guaranteed by the Company.

On 5 November 2014, VEL Holdings Limited and certain other subsidiaries of Virgin Group Holdings Limited, the Company's ultimate parent undertaking, entered into a multi-currency revolving credit facility of £150million with Lloyds Bank plc and Barclays Bank plc ("the VELH Facility"). The VELH Facility is guaranteed by the Company.

The Company provides guarantees covering operating lease commitments in relation to 1 property leased by a third party (maximum exposure £4,680,000 as at 31 December 2014).

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The total expense relating to the plan in the current period was £710,000 (Year ended 31 December 2013 - £545,000). There was £63,000 outstanding at 31 December 2014 (Year ended 31 December 2013 - £nil).

21. Operating lease commitments

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	-	-	-	2
After more than 5 years	632	632	-	-

Notes to the financial statements

22. Post balance sheet events

On 20 January 2015, the Company, subscribed for one ordinary £1 share in the capital of its subsidiary, VEL Holdings Limited, for consideration of £172,422,104, in satisfaction of a debt owed.

On the same day, the Company's parent, Voyager Group Limited, subscribed for one ordinary £0.10 share in the capital of the Company for consideration of £172,422,104, in satisfaction of a debt owed.

On 2 April 2015, the Company capitalised the full amount standing to the credit of its Profit and Loss Reserve by way of a bonus issue of 3,777,420,000 ordinary shares of £0.10 each.

On the same day, the Company's parent, Voyager Group Limited, subscribed for 2,500,000,000 ordinary £0.10 shares in the capital of the Company for consideration of £286,079,240, in part cash and in part satisfaction of a debt owed.

Notes to the financial statements

23. Related party transactions

At 31 December 2014 the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose principal shareholders are Sir Richard Branson and certain trusts, none of which individually has a controlling interest in Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir Richard Branson and/or members of his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies that are considered to give rise to related party disclosures under Financial Reporting Standard No. 8.

Turnover comprises management fees receivable for provision of various management services.

	Turnover £000	Expenses £000	Debtors £000
Virgin Atlantic Limited	86	154	122
Virgin Care Limited	20	-	33
Virgin Rail Group Holdings Limited	61	-	20
West Coast Trains Limited	34	-	10
Virgin Active Group Limited	114	2	59
Virgin Money Management Services Limited	129	-	71
Other related companies	2	-	(2)

24. Ultimate parent undertaking and controlling party

As at 31 December 2014, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

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