

Virgin Money Investment Group Limited

Directors' Report and Financial Statements

Registered number 3345370

31 December 2013



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Directors' Report

The directors present their report and the financial statements for the 9 month period ended 31 December 2013. The previous financial statements were for the 12 month period ended 31 March 2013.

Principal activities

The principal activity of the Company is that of an investment holding company.

Business review

The Company has considerable financial resources, and as an investment holding company no significant changes are expected in relation to its income streams or cost base that could jeopardise this. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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.

Results and dividends

The profit for the financial period, amounted to £8,319,000 (Year ended 31 March 2013 - £8,371,000).

The directors do not recommend the payment of a dividend (Year ended 31 March 2013: £nil).

Directors

The directors who served during the period were:

G D McCallum

I P Woods

R P Blok (alternate to G D McCallum) (appointed 12 August 2014)

Provision of information to auditor

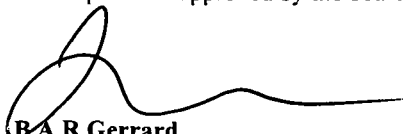
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor in connection with preparing its report 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 485 of the Companies Act 2006.

This report was approved by the board on 19 August 2014 and signed on its behalf.



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

Directors' Responsibilities Statement
For the Period Ended 31 December 2013

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 Auditor's Report to the Members of Virgin Money Investment Group Limited

We have audited the financial statements of Virgin Money Investment Group Limited for the period ended 31 December 2013, set out on pages 4 to 10. 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of director's responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the period then ended. 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 2013 and of its profit for the period 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 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Sarah Styant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

19 August 2014

Profit and Loss Account
For the Period Ended 31 December 2013

		9 months ended 31 December 2013 £000	12 months ended 31 March 2013 £000
	<i>Note</i>		
Administrative expenses		(267)	2,851
Other operating income		158	46
		<hr/>	<hr/>
Operating (loss)/profit	2	(109)	2,897
Exceptional items			
Net loss on sale of tangible fixed assets		(970)	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before interest		(1,079)	2,897
Interest receivable and similar income	5	4,626	6,950
		<hr/>	<hr/>
Profit on ordinary activities before taxation		3,547	9,847
Tax on profit on ordinary activities	6	4,772	(1,476)
		<hr/>	<hr/>
Profit for the financial period	11	8,319	8,371
		<hr/>	<hr/>

All amounts relate to continuing operations.


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

The notes on pages 6 to 10 form part of these financial statements.

Balance Sheet
As at 31 December 2013

			31 December 2013		31 March 2013
	<i>Note</i>	£000	£000	£000	£000
Fixed assets					
Investments	7		-		6,737
Current assets					
Debtors	8	235,823		225,522	
Creditors: amounts falling due within one year	9	(11,572)		(16,327)	
Net current assets			224,251		209,195
Net assets			224,251		215,932
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account	11		224,251		215,932
Shareholders' funds	12		224,251		215,932

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 August 2014.



R P Blok
 Director

The notes on pages 6 to 10 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 financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As 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 Investments

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

1.3 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

2. Operating (loss)/profit

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

	9 months ended 31 December 2013 £000	12 months ended 31 March 2013 £000
Net foreign exchange (gain)/loss	226	(6)
Loss/(gain) on sale of fixed assets	-	(2,881)
	<u>226</u>	<u>(2,881)</u>

3. Auditors' remuneration

Audit fees for the current period and prior year were borne by another group company.

4. Directors' remuneration

The directors did not receive any remuneration during the period for services to the Company (Year ended 31 March 2013: £nil).

5. Interest receivable

	9 months ended 31 December 2013 £000	12 months ended 31 March 2013 £000
Interest receivable from group companies	4,348	6,139
Preference dividends receivable	278	811
	<u>4,626</u>	<u>6,950</u>

6. Taxation

	9 months ended 31 December 2013 £000	12 months ended 31 March 2013 £000
Analysis of tax (credit)/charge in the period/year		
UK corporation tax charge on profit for the period/year	-	1,476
Adjustments in respect of prior periods	(4,772)	-
Tax on profit/(loss) on ordinary activities	<u>(4,772)</u>	<u>1,476</u>

Notes to the Financial Statements

6. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period is lower than (Year ended 31 March 2013 - lower than) the standard rate of corporation tax in the UK of 23% (Year ended 31 March 2013 - 24%). The differences are explained below:

	9 months ended 31 December 2013 £000	12 months ended 31 March 2013 £000
Profit/(loss) on ordinary activities before tax	3,547	9,847
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (Year ended 31 March 2013 - 24%)	816	2,363
Effects of:		
Expenses not deductible for tax purposes	223	-
Adjustments to tax charge in respect of prior periods	(4,772)	-
Non-taxable income	(64)	(887)
Group relief	(975)	-
Current tax (credit)/charge for the period/year (see note above)	(4,772)	1,476

Factors that may affect future tax charges

As at 31 December 2013 the Company had no tax losses available to carry forward.

7. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2013	11,462
Disposals	(11,462)
At 31 December 2013	-
Provision	
At 1 April 2013	4,725
Provision released on disposals	(4,725)
At 31 December 2013	-
Net book value	
At 31 December 2013	-
At 31 March 2013	6,737

Notes to the Financial Statements

7. Fixed asset investments (continued)

On 30th April 2013, the Company disposed of its investment in Virgin Money (Australia) Pty Limited for consideration of £6,737,000. There was no effect on the profit and loss for the period since the consideration was equal to the investment net of provision.

The companies in which the Company's interest at 31 December 2013 is more than 20% are as follows:

	Country of registration	Principal activity	Holding	Class of shares
<i>Subsidiary undertakings</i>				
Virgin Money Overseas Limited	England & Wales	Investment holding company	100%	£1 Ordinary shares

8. Debtors

	<i>31 December</i> 2013 £000	31 March 2013 £000
Amounts owed by group undertakings	235,812	225,508
Prepayments and accrued income	11	14
	<hr/> 235,823 <hr/>	<hr/> 225,522 <hr/>

9. Creditors:

Amounts falling due within one year

	<i>31 December</i> 2013 £000	31 March 2013 £000
Amounts owed to group undertakings	11,561	11,544
Corporation tax	-	4,772
Accruals and deferred income	11	11
	<hr/> 11,572 <hr/>	<hr/> 16,327 <hr/>

10. Share capital

	<i>31 December</i> 2013 £000	31 March 2013 £000
Allotted, called up and fully paid		
4 ordinary shares of £1 each	-	-
	<hr/> - <hr/>	<hr/> - <hr/>

Notes to the Financial Statements

11. Reserves

	<i>Profit and loss account £000</i>
At 1 April 2013	215,932
Profit for the financial period	8,319
	<hr/>
At 31 December 2013	224,251
	<hr/>

12. Reconciliation of movement in shareholders' funds

	<i>31 December 2013 £000</i>	<i>31 March 2013 £000</i>
Opening shareholders' funds	215,932	207,561
Profit for the financial period/year	8,319	8,371
	<hr/>	<hr/>
Closing shareholders' funds	224,251	215,932
	<hr/>	<hr/>

13. Related party transactions

At 31 December 2013 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 the Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir Richard Branson and/or his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under Financial Reporting Standard No. 8.

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

At the year end, the Company had the following amounts outstanding and transactions in the year with related parties:

	<i>Royalty revenue £000</i>
Companies related by virtue of common control or ownership	
Virgin America Inc	41

14. Ultimate parent undertaking and controlling party

As at 31 December 2013 the ultimate parent company is Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest group in which the results of the Company are consolidated is that of Virgin Wings Limited, a company which is registered in England and Wales. The consolidated accounts for Virgin Wings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.