

CHALLENGER (NORWICH) LIMITED

Annual Report

31 December 2008

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Challenger (Norwich) Limited

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Challenger (Norwich) Limited

Registered No. 3427512

DIRECTORS AND OFFICERS

EXECUTIVE DIRECTORS

D Dyer
M Watson

SECRETARY

B Gerrard

AUDITORS

KPMG LLP
6 Lower Brook Street
Ipswich IP4 1AP

BANKERS

Lloyds TSB plc
City Office
PO Box 72
Bailey Drive
Gillingham Business Park
Gillingham
Kent ME8 0LS

REGISTERED OFFICE

Discovery House
Whiting Road
Norwich NR4 6EJ

Challenger (Norwich) Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The profit for the year was £Nil (2007: £48,850). A dividend of £48,850 (2007: £Nil) was declared and paid during the year.

PRINCIPAL ACTIVITIES

The Company is not actively trading.

DIRECTORS AND THEIR INTERESTS

The names of the current directors are listed on page 1.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware.

Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The members of the Company have passed elective resolutions in accordance with section 366A, 252 and 386 of the Act dispensing with the previous statutory requirement of holding annual general meetings, laying accounts before the Company in general meetings and reappointing auditors annually. KPMG LLP will continue as auditors of the Company until further notice.

On behalf of the Board



D Dyer
Chief Financial Officer
3 June 2009

Challenger (Norwich) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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 AUDITORS' REPORT TO THE MEMBERS OF CHALLENGER (NORWICH) LIMITED

We have audited the financial statements of Challenger (Norwich) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHALLENGER
(NORWICH) LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Ipswich

3 June 2009

Challenger (Norwich) Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	<i>Note</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
TURNOVER		-	-
OPERATING PROFIT	2-3	-	-
Profit on disposal of Trademark	4	-	49
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	49
Tax on profit on ordinary activities		-	-
Profit for the year		-	49

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All of the amounts above are in respect of continuing operations.

There were no other recognised gains or losses in the year, other than the profit for the year as reported above. As a result no Statement of Total Recognised Gains & Losses has been provided.

The accounting policies and notes on pages 8 to 9 form an integral part of these financial statements.

Challenger (Norwich) Limited

BALANCE SHEET at 31 December 2008

	Notes	2008 £000	2007 £000
CURRENT ASSETS			
Other debtors	5	-	49
		<hr/>	<hr/>
NET ASSETS		-	49
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account	7	-	49
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	7	-	49
		<hr/>	<hr/>

The financial statements on pages 6 to 9 were approved by the Board of Directors on 3 June 2009.



D Dyer
Chief Financial Officer

Challenger (Norwich) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. ACCOUNTING POLICIES

Basis of preparation

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

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash flow statement

The company is a wholly-owned subsidiary of Virgin Money Holdings (UK) Limited and is included in the consolidated financial statements of Virgin Money Holdings (UK) Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Related Party Transactions

In accordance with the exemption provided in FRS 8 paragraph 3(c) the Company does not disclose transactions with related parties that are part of the Virgin Money Holdings (UK) Limited group.

2. DIRECTORS' EMOLUMENTS

The directors are employed by Virgin Money Management Services Limited, and their emoluments are disclosed within the financial statements of that company. None of the directors were remunerated primarily for their services to Challenger (Norwich) Limited, and it is not possible to determine the proportion of remuneration that relates to this company.

3. EMPLOYEE INFORMATION

The Company did not directly employ any staff during the year.

4. PROFIT ON DISPOSAL OF TRADEMARK

On 24th November 2007, Challenger (Norwich) Ltd disposed of its rights under a 1996 trademark licence to Virgin Management Ltd, a subsidiary of the ultimate parent company Virgin Group Holdings Ltd. The licence was not previously recognised as an asset by the company and, at disposal, a profit of £48,850 was realised.

The directors declared and paid an interim ordinary dividend in respect of the 2008 financial year of £48,850 which is linked to the trademark disposal as described above.

5. DEBTORS

	2008	2007
	£000	£000
Amounts owed from related parties	-	49

Challenger (Norwich) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

6. SHARE CAPITAL

Class	Allotted, called up and fully paid		2008	Allotted, called up and fully paid		2007
	Authorised 2008 No.	2008 No.		Authorised 2007 No.	2007 No.	
Virgin A Ordinary shares of 0.1p each	105,390,868	100,100	100	105,390,868	100,100	100
	105,390,868	100,100	100	105,390,868	100,100	100

The Ordinary shares of 0.1p have equal rights.

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2008	-	49	49
Dividend paid	-	(49)	(49)
At 31 December 2008	-	-	-

8. RELATED PARTY TRANSACTIONS

In accordance with the exemption provided in FRS 8 paragraph 3(c) the company does not disclose transactions with related parties that are part of the Virgin Money Holdings (UK) Limited group.

There were no related party transactions requiring disclosure during the year.

9. ULTIMATE PARENT COMPANY

The company is a subsidiary of Virgin Money Holdings (UK) Limited, which is incorporated in Great Britain.

Virgin Money Holdings (UK) Limited is the smallest group in which the financial statements of the Company are consolidated. The consolidated financial statements of Virgin Money Holdings (UK) Limited may be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

On 6 June 2008, Virgin Financial Services UK Holdings Limited acquired Virgin Money Holdings (UK) Limited from Virgin Group Investments Limited. Following the acquisition, Virgin Money Holdings (UK) Limited became a wholly owned subsidiary of the Virgin Financial Services UK Holdings Limited. Virgin Financial Services UK Holdings Limited is the largest group in which the financial statements of the Company are consolidated. The consolidated financial statements of Virgin Financial Services UK Holdings Limited may be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

Virgin Group Holdings Limited is Challenger (Norwich) Ltd's direct and ultimate controlling party as defined under Financial Reporting Standard 8 'Related Party Disclosure'.