

Classboss Limited

Directors' report and financial statements

Registered number 03433181

31 December 2014



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Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2014. The previous financial statements were for the 9 month period ended 31 December 2013.

Principal activities

The principal activity of the Company is that of an investment holding company. In the prior year, the Company was dormant.

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. Therefore 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 year, amounted to £1,411,528 (Period ended 31 December 2013 - £nil).

On 10 December 2014, the Company paid a dividend of £2,527,441,448 (Period ended 31 December 2013 - £nil).

Directors

The directors who served during the year were:

I P Woods (alternate R P Blok)
R P Blok
N A R Fox

Provision of information to auditor

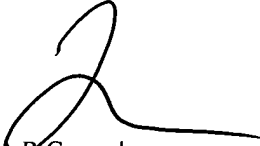
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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

On 29 May 2015, KPMG LLP were appointed as auditors to the Company and will be reappointed in accordance with section 485 of the Companies Act 2006.

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 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 Classboss Limited

We have audited the financial statements of Classboss Limited for the year ended 31 December 2014, set out on pages 4 to 11. 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 directors' 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. 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.

Other matter - prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year 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

18 June 2015

Profit and Loss Account
For the Year Ended 31 December 2014

		<i>12 months ended 31 December 2014 £000</i>	Unaudited 31 December 2013 £000
	<i>Note</i>		
Other operating income	2	1,411,528	-
Profit on ordinary activities before taxation		1,411,528	-
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	8	1,411,528	-

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 6 to 11 form part of these financial statements.

Balance Sheet
as at 31 December 2014

		2014 £000	Unaudited 2013 £000
Fixed assets			
Investments	6	<u>1,486,635</u>	<u>2,529,456</u>
Net assets		<u><u>1,486,635</u></u>	<u><u>2,529,456</u></u>
Capital and reserves			
Called up share capital	7	-	2,490,254
Share premium account	8	-	39,202
Profit and loss account	8	<u>1,486,635</u>	<u>-</u>
Shareholders' funds	9	<u><u>1,486,635</u></u>	<u><u>2,529,456</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 6 to 11 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 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 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. Other operating income

	<i>12 months ended</i> <i>31 December</i> 2014 £000	Unaudited 9 months ended 31 December 2013 £000
Distribution income	1,411,528	-

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

On 10 December 2014, the Company received a dividend from its subsidiary, Virgin Holdings Limited, of £2,527,441,488, satisfied by the transfer of an intercompany debt receivable, of which £1,090,644,488 is recognised in the profit and loss account and £1,436,797,000 as return of capital.

On the same day, the Company received a dividend from Virgin Mobile USA Holdings Limited of £416,227,927, satisfied by the transfer of an intercompany debt receivable, of which £195,877,928 is being recognised in the profit and loss account and £220,349,999 as return of capital.

On the same day, the Company received a dividend from Virgin Money Investment Holdings Limited of £242,373,902, satisfied by the transfer of an intercompany debt receivable, of which 125,005,345 is being recognised in the profit and loss account and £117,368,557 as return of capital.

3. Auditors' remuneration

The audit fees for the current year were borne by another group company.

4. Directors' remuneration

The directors did not receive any remuneration during the year for services to the Company (Period ended 31 December 2013: £nil).

Notes to the Financial Statements

5. Taxation

There was no tax charge in the current or prior year.

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (Period ended 31 December 2013 - the same as) 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>	9 months ended 31 December 2013 £000
Profit on ordinary activities before tax	<u>1,411,528</u>	<u>-</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (Period ended 31 December 2013 - 23%)	303,381,793	-
Effects of:		
Non-taxable income	(303,381,793)	-
Current tax charge for the year/period (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

There was no recognised or unrecognised deferred tax at the end of the current year or prior period end.

Notes to the Financial Statements

6. Fixed asset investments

	<i>Investments in subsidiary companies £000</i>
Cost or valuation	
At 1 January 2014	2,529,456
Additions	731,694
Return of capital	(1,774,515)
At 31 December 2014	<u>1,486,635</u>
Net book value	
At 31 December 2014	<u>1,486,635</u>
At 31 December 2013	<u>2,529,456</u>

During the year, Virgin group implemented a reorganisation in order to reduce the number of debts outstanding between wholly owned Virgin group companies. On 10 December 2014, Virgin Holdings Limited, issued two ordinary £1 shares to the Company for consideration of £731,693,393 in satisfaction of an intercompany debt.

On the same day, the Company received a dividend from Virgin Mobile USA Holdings Limited of £416,227,927 of which £195,877,928 is being recognised in the profit and loss account and £220,349,999 as return of capital.

On the same day, the Company received a dividend from Virgin Money Investment Holdings Limited of £242,373,902, of which £125,005,345 is being recognised in the profit and loss account and £117,368,557 as a return of capital.

On the same day, the Company received a dividend from its subsidiary, Virgin Holdings Limited, of £2,527,441,488, of which £1,090,644,488 is recognised in the profit and loss account and £1,436,797,000 as a return of capital.

On the same day Virgin Holdings Limited, another group undertaking issued one ordinary £1 share to the Company as a bonus issue.

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>				
Virgin Holdings Limited	England & Wales	Investment holding company	100%	Ordinary £1.00 shares
Virgin Money Investment Holdings Limited	England & Wales	Investment holding company	100%	Ordinary £0.001 shares
Virgin Mobile USA Holdings Limited	England & Wales	Investment holding company	100%	Ordinary £1.00 shares

Notes to the Financial Statements

7. Share capital

	2014 £000	Unaudited 2013 £000
Allotted, called up and fully paid		
1 (2013 - 2,490,254,211) Ordinary share of £1	-	2,490,254

On 10 December 2014, the Company issued one £1 ordinary share at a premium of £73,091,651 to Virgin UK Holdings Limited in satisfaction of an intercompany debt.

On the same day, the Company effected a reduction of its share capital and cancelled 2,490,254,211 of its shares then in issue.

8. Reserves

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 January 2014	39,202	-
Profit for the year	-	1,411,528
Premium on shares issued during the year	73,092	-
Capital reduction	(112,294)	2,602,548
Dividend	-	(2,527,441)
At 31 December 2014	-	1,486,635

During the year, Virgin group implemented a reorganisation in order to reduce the number of debts outstanding between wholly owned Virgin group companies. On 10 December 2014, the Company effected a reduction of its share capital and cancelled 2,490,254,211 of its shares then in issue, in order to create additional distributable reserves of £2,602,547,560 (Refer to Note 7).

On the same day, the Company paid a dividend of £2,527,441,448 satisfied by the transfer of intercompany debt receivable due from its parent company Virgin UK Holdings Limited.

9. Reconciliation of movement in shareholders' funds

	2014 £000	Unaudited 2013 £000
Opening shareholders' funds	2,529,456	2,529,456
Profit for the financial year/ period	1,411,528	-
Dividend	(2,527,441)	-
Share issue	73,092	-
Closing shareholders' funds	1,486,635	2,529,456

Refer to Note 7 and Note 8 for movements during the year.

Notes to the Financial Statements

10. Contingent liabilities

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.

11. Related party transactions

At 31 December 2014 the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose principal shareholders are 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 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.

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 Wings Limited and its subsidiaries.

12. Post balance sheet events

On 19 January 2015, the Company, subscribed for one ordinary £1 share in the capital of its subsidiary, Virgin Holdings Limited, for consideration of £2,600,000 in satisfaction of an intercompany debt.

On 2 April 2015, the Company's parent, Virgin Wings Limited, subscribed to 125,000,000 £1 ordinary shares in the capital of the Company for consideration of £135,839,819, in satisfaction of an intercompany debt.

On the same day, the Company, subscribed for 125,000,000 ordinary £1 shares in the capital of its subsidiary, Virgin Holdings Limited, for consideration of £135,839,819, in satisfaction of an intercompany debt.

On the same day, the Company's subsidiary Virgin Holdings Limited, issued 470,000,000 ordinary £1 shares to the Company as a bonus issue.

13. Ultimate parent undertaking and controlling party

As at 31 December 2014 the Company is a subsidiary undertaking of 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 UK Holdings Limited, a company which is registered in England and Wales. The consolidated accounts for Virgin UK Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.