

Virgin Money Overseas Limited

Directors' report and financial statements

Registered number 4605860

31 March 2011

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Directors' report

The directors present their report and the financial statements for the year ended 31 March 2011

Principal activities

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

Business review

The Company has net liabilities. However, as detailed in note 1 to the financial statements a parent undertaking, Virgin Group Holdings Limited, has formally indicated that it is its present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months. The directors have no reason to believe that the parent company will not be in a position to provide this support.

Furthermore, as an investment holding company, no significant changes are expected in relation to the Company's 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 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 loss for the financial year, amounted to £5,083,000 (2010 - loss £4,237,000)

The directors do not recommend the payment of a dividend (2010 £nil)

Directors

The directors who served during the year were

G D McCallum

P C K McCall (resigned 23 March 2011)

G Batra (appointed 22 June 2011)

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

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 17 November 2011 and signed on its behalf



B A R Gerrard
Company Secretary
The School House
50 Brook Green
Hammersmith
London
W6 7RR

Statement of directors' responsibilities
for the year ended 31 March 2011

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 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,
- 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 Overseas Limited

We have audited the financial statements of Virgin Money Overseas Limited for the year ended 31 March 2011, 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 director's responsibilities on page 2, the director is 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2011 and of its loss 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 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.



Sarah Styant (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountants

Statutory Auditor

15 Canada Square

London

E14 5GL

21 November 2011

Profit and loss account
for the year ended 31 March 2011

	<i>Note</i>	2011 £000	2010 £000
Administrative expenses		(5,246)	(4,645)
Other operating income		-	106
Operating loss	2	(5,246)	(4,539)
Interest receivable and similar income	4	1,195	816
Interest payable and similar charges	5	(681)	(310)
Loss on ordinary activities before taxation		(4,732)	(4,033)
Tax on loss on ordinary activities	6	(351)	(204)
Loss for the financial year	11	(5,083)	(4,237)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 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 March 2011

	<i>Note</i>	£000	2011 £000	£000	2010 £000
Fixed assets					
Investments	7		-		-
Current assets					
Debtors	8	112		2,897	
Creditors: amounts falling due within one year	9	(12,962)		(10,664)	
Net current liabilities			(12,850)		(7,767)
Net liabilities			(12,850)		(7,767)
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account	11		(12,850)		(7,767)
Shareholders' deficit	12		(12,850)		(7,767)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 November 2011


G D McCallum
 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 from the requirement to prepare group financial statements by virtue of being subject to the small companies regime of the Companies Act 2006. 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 of its size.

The financial statements have been prepared on a going concern basis in view of the fact that a parent undertaking, Virgin Group Holdings Limited, has formally indicated that it is its present intention to provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least the next twelve months.

The directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on a going concern basis.

On 6 January 2011, Virgin Money Overseas Limited was sold to another group undertaking and as a result, the Company became a 100% owned subsidiary of Virgin Wings Limited. In the current year, 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. In the prior year, the Company was not exempt under Financial Reporting Standard 8 Related Party Disclosures.

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

1. Accounting policies (continued)

1.4 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

2. Operating loss

The operating loss is stated after charging/(crediting)

	2011 £000	2010 £000
Provision against amounts due from related undertakings	5,404	4,362
Provision released against investments in subsidiaries	(8)	-
	<u>5,396</u>	<u>4,362</u>

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

3. Directors' remuneration

The directors did not receive any remuneration during the year for services to the Company (2010 £nil)

4. Interest receivable and similar income

	2011 £000	2010 £000
Interest receivable from group companies	600	143
Net foreign exchange gains	595	673
	<u>1,195</u>	<u>816</u>

5. Interest payable and similar charges

	2011 £000	2010 £000
On loans from group undertakings	681	310
	<u>681</u>	<u>310</u>

Notes to the financial statements

6. Taxation

	2011 £000	2010 £000
Analysis of tax charge in the year		
UK corporation tax charge on loss for the year	385	181
Adjustments in respect of prior periods	3	-
	<u>388</u>	<u>181</u>
Double taxation relief	-	(14)
	<u>388</u>	<u>167</u>
Foreign tax on income for the year	-	14
Foreign tax adjustments in respect of prior periods	(37)	23
	<u>351</u>	<u>204</u>
Tax on loss on ordinary activities		

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £000	2010 £000
Profit/(loss) on ordinary activities before tax	<u>(4,732)</u>	<u>(4,033)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	(1,325)	(1,129)
Effects of.		
Expenses not deductible for tax purposes	1,713	1,310
Adjustments in respect of prior periods	(35)	23
Income not taxable	(2)	-
	<u>351</u>	<u>204</u>
Current tax charge for the year (see note above)		

Factors that may affect future tax charges

The Company had no recognised or unrecognised deferred tax balances at either the current or prior year end

Notes to the financial statements

7. Fixed asset investments

	<i>Investments in subsidiary companies £000</i>
Cost or valuation	
At 1 April 2010	2,537
Disposals	(8)
At 31 March 2011	<u>2,529</u>
Provision	
At 1 April 2010	2,537
Release of provision	(8)
At 31 March 2011	<u>2,529</u>
Net book value	
At 31 March 2011	<u>-</u>
At 31 March 2010	<u>-</u>

The companies in which the Company's interest at 31 March 2011 is more than 20% are as follows

	Country of registration	Principal activity	Holding	Class of shares
<i>Subsidiary undertakings</i>				
Virgin Money (Australia) Pty Limited	Australia	Financial services	99.89%	Ordinary AUS \$1 shares
Virgin Money Financial Services Pty Limited *	Australia	Financial services	100%	Ordinary AUS \$1 shares
Virgin Money Home Loans Pty Limited *	Australia	Financial services	100%	Ordinary AUS \$1 shares

* Indirectly held investment

On 31 January 2011, the Company transferred 13,500 ordinary AUS \$1 shares in the capital of Virgin Money (Australia) Pty Limited to Nicola Murphy for a consideration of AUS \$14,310 (£8,150)

Notes to the financial statements

8. Debtors

	2011 £000	2010 £000
Amounts owed by group undertakings	112	2,897

9. Creditors: Amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	12,341	10,380
Corporation tax	621	254
Withholding tax payable	-	30
	12,962	10,664

10. Share capital

	2011 £000	2010 £000
Allotted, called up and fully paid		
1 Ordinary share of £1	-	-

11. Reserves

	<i>Profit and loss account</i> £000
At 1 April 2010	(7,767)
Loss for the year	(5,083)
At 31 March 2011	(12,850)

12. Reconciliation of movement in shareholders' deficit

	2011 £000	2010 £000
Opening shareholders' deficit	(7,767)	(3,530)
Loss for the year	(5,083)	(4,237)
Closing shareholders' deficit	(12,850)	(7,767)

Notes to the financial statements

13. Related party transactions

At 31 March 2011, 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.

On 6 January 2011, Virgin Money Overseas Limited was sold to another group undertaking and as a result, the Company became a 100% owned subsidiary of Virgin Wings Limited. In the current year, 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. In the prior year, the Company was not exempt under Financial Reporting Standard 8 Related Party Disclosures.

	2011 £000	2010 £000
Administration expenses	-	177
Interest receivable and similar income	-	143
Interest payable and similar charges	560	310
Debtors	-	2,897
Creditors: amounts falling due within one year	8,901	10,380

The related undertaking with which the Company transacted during the year was Virgin Money Limited.

The related undertakings with which the Company transacted during the prior year were Bluebottle Investments (UK) Limited, Virgin Holdings Limited, Virgin Management Limited, Virgin Money Limited and Virgin Money (Australia) Pty Limited.

14. Ultimate parent undertaking and controlling party

As at 31 March 2011, the Company 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 Company's results are consolidated are those for Virgin Wings Limited, a company which is registered in England and Wales. Copies of the group accounts for Virgin Wings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.