Virgin Money Overseas Limited

Directors' report and financial statements

Registered number 4605860

31 December 2013

Contents

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 a holding company.

Business review

The Company has adequate 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 therefore 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 £1,758,000 (Year ended 31 March 2013 - £13,091,000).

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 (appointed as alternate to I P Woods and G D McCallum 20 May 2013)

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 19 August 2014 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 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 Overseas Limited

We have audited the financial statements of Virgin Money Overseas Limited for the period ended 31 December 2013, 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 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 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

	Note	***9 months ended 31 December* 2013 £000**	12 months ended 31 March 2013 £000
Administrative expenses		**(289)**	12,924
Operating (loss)/profit	2	**(289)**	12,924
Profit/ (loss) on disposal of investment		**1,609**	-
Profit on ordinary activities before interest		**1,320**	12,924
Interest receivable and similar income	4	**51**	1,156
Interest payable and similar charges	5	**(462)**	(712)
Profit on ordinary activities before taxation		**909**	13,368
Tax on profit on ordinary activities	6	**849**	(277)
Profit for the financial period	11	**1,758**	13,091

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2013 other than those included in the Profit and loss account.

The notes on pages 6 to 11 form part of these financial statements.

Registered number: 4605860

Balance sheet
as at 31 December 2013

	Note	£000	31 December 2013 £000	£000	31 March 2013 £000
Fixed assets					
Investments	7		-		2,529
Current assets					
Debtors	8	1,206		9,182	
Creditors: amounts falling due within one year	9	(307)		(12,570)	
Net current assets/(liabilities)			899		(3,388)
Net assets/(liabilities)			899		(859)
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account	11		899		(859)
Shareholders' funds/(deficit)	12		899		(859)

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

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.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

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.

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.

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	**(27)**	-
Provision released against amounts due from related undertakings	-	(10,653)
Reversal of impairment provision against investments	-	(2,529)

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

3. Directors' remuneration

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

4. Interest receivable and similar income

	9 months ended 31 December **2013** **£000**	12 months ended 31 March 2013 £000
Interest receivable from group companies	**51**	669
Net foreign exchange gains	-	487
	51	1,156

5. Interest payable and similar charges

	9 months ended 31 December **2013** **£000**	12 months ended 31 March 2013 £000
On loans from group undertakings	**193**	712
Net foreign exchange losses	**269**	-
	462	712

Notes to the financial statements

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	-	257
Adjustments in respect of prior periods	**(849)**	20
Tax on profit on ordinary activities	**(849)**	277

Factors affecting tax charge for the period/year

The tax assessed for the period/year 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 on ordinary activities before tax	**909**	13,368
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23%(Year ended 31 March 2013 -24%)	**209**	3,208
Effects of:		
Expenses not deductible for tax purposes	**111**	212
UK tax losses not uitilised or not recognised	**50**	-
Adjustments in respect of prior periods	**(849)**	20
Income not taxable	**(370)**	(3,163)
Current tax (credit)/charge for the period/year (see note above)	**(849)**	277

Notes to the financial statements

6. Taxation (continued)

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 year end) are shown in the table in the balance sheet note 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.

Reductions in the rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. A rate of 20% has been used within the deferred tax calculations within these financial statements.

	***9 months ended* 31 December 2013 Recognised £000**	***9 months ended 31 December* 2013 Unrecognised £000**	12 months ended 31 March 2013 Recognised £000	12 months ended 31 March 2013 Unrecognised £000
UK tax losses	**-**	**(44)**	-	-

7. Fixed asset investments

	Investments in subsidiary companies **£000**
Cost or valuation	
At 1 April 2013	**2,529**
Additions	**9,356**
Disposals	**(11,885)**
At 31 December 2013	-
Net book value	
At 31 December 2013	**-**
At 31 March 2013	2,529

On 30 April 2013, the Company acquired a further investment of 14,000,157 AU$1 preference shares in the capital of Virgin Money (Australia) Pty Limited for a consideration of £9,356,000.

On the same day, the Company disposed of its investment in Virgin Money (Australia) Pty Limited. The Company transferred its 14,000,157 AU$1 preference shares and 12,000,000 £1 ordinary shares to Bank of Queensland Limited for consideration of £13,494,000 (AU$ 20,188,000). The transaction resulted in a net profit on disposal of £1,609,000.

Notes to the financial statements

8. Debtors

	31 December **2013** **£000**	31 March 2013 £000
Amounts owed by group undertakings	**1,206**	9,179
Other debtors	**-**	3
	1,206	9,182

9. Creditors: Amounts falling due within one year

	31 December **2013** **£000**	31 March 2013 £000
Trade creditors	**71**	-
Amounts owed to group undertakings	**236**	11,594
Corporation tax	**-**	848
Accruals and deferred income	**-**	128
	307	12,570

10. Share capital

	31 December **2013** **£000**	31 March 2013 £000
Allotted, called up and fully paid		
1 Ordinary share of £1	**-**	-

11. Reserves

	Profit and loss account **£000**
At 1 April 2013	**(859)**
Profit for the financial period	**1,758**
At 31 December 2013	**899**

Notes to the financial statements

12. Reconciliation of movement in shareholders' funds

	31 December **2013** **£000**	31 March 2013 £000
Opening shareholders' deficit	**(859)**	(13,950)
Profit for the financial period/year	**1,758**	13,091
Closing shareholders' funds/(deficit)	**899**	(859)

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 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 31 December 2013, the Company had the following amounts outstanding and transactions in the year with related
parties:

	9 months ended 31 December **2013** ***Interest payable*** **£000**
Companies related by virtue of common control or ownership	
Virgin Money Plc	**137**

14. Ultimate parent undertaking and controlling party

As at 31 December 2013, 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.