Virgin Pulse (UK) Limited

Annual report and financial statements

Registered number 4747970

31 December 2015

Contents

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2015.

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. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The directors do not recommend the payment of a dividend (2014 - £nil).
The profit for the year, after taxation, amounted to £nil (2014 - £64,000).

Directors

The directors who held office during the year were as follows:
R P Blok
N A R Fox (resigned 17 September 2015)
I P Woods

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 16 June 2016 and signed on its behalf.

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

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 International Financial Reporting Standards (IFRS) adopted by the EU 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 judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; 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 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 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 AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN PULSE (UK) LIMITED

We have audited the financial statements of Virgin Pulse (UK) Limited for the year ended 31 December 2015 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Directors' Responsibilities Statement set out on page 3, 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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; or
- 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
16 June 2016

Profit and loss account and other comprehensive income

For the year ended 31 December 2015

	Note	**2015** **£000**	2014 £000
Administrative expenses		-	(2)
Operating (loss) / profit			(2)
Gain on disposal of investment		-	60
Profit on ordinary activities before taxation		-	58
Tax on profit on ordinary activities	*4*	-	6
Profit for the year		-	64
Total comprehensive income for the year		-	64

Registered number: 4747970

Balance Sheet

For the year ended 31 December 2015

	Note	2015 £000	2014 £000	2013 £000
Non-current assets				
Investments	5	-	-	-
Current assets				
Debtors: amounts falling due within one year	6	**6**	6	6
Current liabilities				
Creditors: amounts falling due within one year	7	**(23,315)**	(23,315)	(23,315)
Net current liabilities		**(23,309)**	(23,309)	(23,309)
Net liabilities		**(23,309)**	(23,309)	(23,309)
Capital and reserves				
Share capital	9	-	-	-
Profit and loss account		**(23,309)**	(23,309)	(20,309)
Shareholders' deficit		**(23,309)**	(23,309)	(23,309)

The notes on pages 11 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 16 June 2016 and were signed on its behalf by:

R P Blok
Director

Statement of changes in equity

As at 31 December 2015

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2015	-	(23,309)	**(23,309)**
Comprehensive income for the year			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Contributions by and distributions to owners	-	-	-
Total contributions by and distributions to owners			
At 31 December 2015	-	(23,309)	**(23,309)**

Statement of changes in equity

As at 31 December 2014

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2014	-	(23,373)	**(23,373)**
Comprehensive income for the year			
Profit for the year	-	64	**64**
Total comprehensive income for the year	-	64	**64**
Contributions by and distributions to owners	-	-	-
Total contributions by and distributions to owners			
At 31 December 2014	-	**(23,309)**	**(23,309)**

Cash flow statement

As at 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the year	-	64
Adjustments for;		
Income tax expense	-	(6)
Write-back of debt	-	2
Non-cash proceeds from the sale of investment		(60)
Net cash from operating activities	-	-
Cash and cash equivalents as at 31 December 2015	-	-

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

Virgin Pulse (UK) Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is subject to the small companies regime and as such exempt by virtue of s308 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.

These financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the Companies Act 2006.

In the transition to Adopted IFRSs, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with Adopted IFRSs. An explanation of how the transition to Adopted IFRSs has affected the reported financial position and financial performance of the Company is provided in note 13.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 January 2014 have not been restated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 31 December 2014 for the purposes of the transition to Adopted IFRSs.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 12.

1.2 Going concern

The financial statements have been prepared on a going concern basis in view of the fact that the ultimate 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 the going concern basis.

1.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the financial statements

1. Accounting policies (*continued*)

1.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.5 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument. In accordance with IAS 39, financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Company determines the classification at initial recognition and re-evaluates this designation at each reporting date.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets

The Company has the following non-derivative financial assets:

Other debtors

Other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost using the effective interest method.

The Company has the following non-derivative financial liability: loans and borrowings.

The Company derecognises financial liabilities when its contractual obligations are discharged, cancelled or expired.

Where an existing financial liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts are recognised in profit or loss.

Notes to the financial statements

1. Accounting policies (*continued*)

1.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.8 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2. Auditor's remuneration

The 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 (2014 - £nil).

Notes to the financial statements

4. Taxation

	2015	2014
	£000	£000
Current tax:		
Adjustments in respect of prior years	-	(6)
Total current tax	-	-

Factors affecting tax charge for the year

The charge can be reconciled to the profit per the income statement as follows;

	2015	2014
	£000	£000
Profit on ordinary activities before tax	-	58
Profit on ordinary activities multiplied by a standard rate of corporation tax 20.25% (2014 - 21.50%)	-	12
Effects of:		
Expenses not deductible	-	1
Adjustments in respect of prior years	-	(6)
Income not taxable	-	(13)
Total tax charge for the year		**(6)**

The Company has not recognised deferred tax assets in respect of gross unused tax losses of £265,193 (2014: £265,193).

Notes to the financial statements

5. Fixed asset investments

	Investments in subsidiary companies
	£000
Cost or valuation	
At 1 January 2015	14,071
At 31 December 2015	**14,071**
Impairment	
At 1 January 2015	14,071
At 31 December 2015	**14,071**
Net book value	
At 31 December 2015	-
At 31 December 2014	-

The Company has the following investments in subsidiaries:

	Country of Registration	**Principal activities**	**Holding %**	**Direct/ indirect Holding**	**Type of Share**
Subsidiary undertakings					
Virgin Pulse Holding Company LLC	USA	Investment holding company	100	Direct	US$ Limited Liability Company Interests
Virgin Pulse Holding Company II LLC	USA	Holding company	98	Indirect	US$ Limited Liability Company Interests

Notes to the financial statements

6. Debtors

	2015 £000	2014 £000
Amounts owed by group undertakings	6	6
	6	6

7. Creditors

	2015 £000	2014 £000
Amounts owed to group undertakings	23,315	23,315
	23,315	23,315

8. Financial instruments

a. Fair values of financial instruments

All financial assets and financial liabilities with their carrying amounts as shown in the balance sheet are as follows;

	Carrying amount 2015 £000	Carrying amount 2014 £000
Financial assets measured at amortised cost		
Amounts owed by group undertakings (note 6)	6	6
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings (note 7)	23,315	23,315

The carrying amounts of financial assets and liabilities approximate their fair values.

Notes to the financial statements

8. Financial instruments *(continued)*

Financial risk factors

The Company's activities expose it to a variety of financial risks, including the effects of changes in credit risk and capital risk.

The board of directors is responsible for setting the objectives and underlying principles of financial risk management for the Company.

b. Credit risk

The Company adopts the policy of dealing only with counterparties with appropriate credit history.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company has one class of financial assets; amounts owed by group undertakings (see note 6).

(i) Financial assets that are neither past due nor impaired

Other debtors that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

(ii) Financial assets that are past due and/or impaired

No class of financial assets is past due and/or impaired.

c. Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value by issuing or redeeming additional equity and debt instruments, or obtaining financial support from an intermediate holding corporation, when necessary.

The Company is not subject to any externally imposed capital requirements

Notes to the financial statements

9. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
1 Ordinary share of £1	-	-

10. Related parties

At 31 December 2015 the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose sole shareholder is Sir Richard Branson. The shareholder of Virgin Group Holdings Limited has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under International Accounting Standard 24: Related Party Disclosures.

The company has the following amounts outstanding with related parties;

Balance sheet	**£000**
Debtors	
Virgin Holdings Limited	**6**
Creditors	
Virgin Investments Limited	**23,315**

Virgin Holdings Limited and Virgin Investments Limited are both Virgin group entities.

11. Ultimate parent undertaking and controlling party

The ultimate parent undertaking as at 31 December 2015 was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

Notes to the financial statements

12. Accounting estimates and judgement

The preparation of the financial statements in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the company financial statements.

13. First time adoption of EU-IFRS

The policies applied under the entity's previous accounting framework are not materially different to EU-IFRS and have not impacted on equity or profit or loss.