

Virgin Models Limited

Strategic Report, Directors' Report and Financial Statements

Registered number 2376807

31 December 2014

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Strategic Report
For the Year Ended 31 December 2014

Business review

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

The profit for the year, after taxation, amounted to £3,743,000 (Period ended 31 December 2013 - £nil)

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks which impacts the recoverable value of the Company's investments.

From the perspective of the Company, the principal risks and uncertainties are integrated, with the principal risks of the Virgin UK Holdings Group (the "Group") and are not separately managed. Further discussion of these risks and uncertainties, in context of the Group as a whole, is provided on pages 4-7 of the Group's annual report for the year ended 31 December 2014 which does not form part of this report.

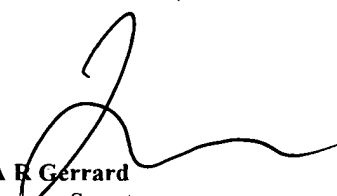
The Company has financial resources available to it, and as an investment holding company whose transactions all arise with fellow group undertakings, no significant changes are expected in relation to its income streams or cost base at this present time. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

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.

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis of KPI's is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 16 June 2015 and signed on its behalf.



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

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.

Results and dividends

The directors do not recommend the payment of a dividend (Period ended 31 December 2013 - £nil).

Directors

The directors who served during the year were:

R P Blok
I P Woods
N A R Fox

Provision of information to auditor

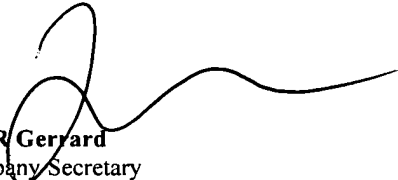
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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

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 2015 and signed on its behalf.



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

Directors' Responsibilities Statement
For the Year Ended 31 December 2014

The directors are responsible for preparing the Strategic report, 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 Models Limited

We have audited the financial statements of Virgin Models Limited for the year ended 31 December 2014, set out on pages 5 to 12. 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 Directors' responsibilities statement 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 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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**, 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>	<i>9 months ended 31 December 2013 £000</i>
	<i>Note</i>		
Administrative expenses		(11)	(36)
Operating loss		(11)	(36)
Interest receivable and similar income	4	2,062	2,478
Interest payable and similar charges	5	(2,884)	(2,442)
(Loss)/profit on ordinary activities before taxation		(833)	-
Tax on loss on ordinary activities	6	4,576	-
Profit for the financial year		3,743	-

All amounts relate to continuing operations.

There were no recognised gains and losses for current year or prior period other than those included in the Profit and loss account.

The notes on pages 7 to 12 form part of these financial statements.

Balance Sheet
As at 31 December 2014

	<i>Note</i>	£000	2014 £000	2013 £000
Fixed assets				
Investments	7		582,287	56,268
Current assets				
Debtors	8	-	14,949	
Creditors: amounts falling due within one year	9	-	(107,378)	
Net current			-	(92,429)
Net liabilities			<u>582,287</u>	<u>(36,161)</u>
Capital and reserves				
Called up share capital	10	-	-	122,510
Share premium account	11	-	-	157,040
Profit and loss account	11		<u>582,287</u>	<u>(315,711)</u>
Shareholders' funds/(deficit)	12		<u>582,287</u>	<u>(36,161)</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 7 to 12 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.

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. Auditors' remuneration

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

Notes to the Financial Statements

3. Directors' remuneration

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

4. Interest receivable and similar income

	<i>12 months ended 31 December</i>	9 months ended 31 December
	2014	2013
	£000	£000
Interest receivable from group companies	2	1
Net foreign exchange gains	2,060	2,477
	<u>2,062</u>	<u>2,478</u>

5. Interest payable and similar charges

	<i>12 months ended 31 December</i>	9 months ended 31 December
	2014	2013
	£000	£000
On loans from group undertakings	2,884	2,442
	<u>2,884</u>	<u>2,442</u>

6. Taxation

	<i>12 months ended 31 December</i>	9 months ended 31 December
	2014	2013
	£000	£000
Adjustments in respect of prior periods	(4,576)	-
Tax on loss on ordinary activities	<u>(4,576)</u>	<u>-</u>

Notes to the Financial Statements

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year 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>	<i>9 months ended 31 December 2013 £000</i>
Profit/(loss) on ordinary activities before tax	<u>(833)</u>	<u>-</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (Period ended 31 December 2013 - 23%)	(179)	-
Effects of:		
Expenses not deductible for tax purposes	630	570
Adjustments to tax charge in respect of prior periods	(4,576)	-
Non-taxable income	(451)	(570)
Current tax (credit)/charge for the year/period	<u>(4,576)</u>	<u>-</u>

The £4,576,127 adjustment to tax charge in respect of prior periods relates to group relief.

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 period end) are shown in the table 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.

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

	<i>12 months ended 31 December 2014 Recognised £000</i>	<i>12 months ended 31 December 2014 Unrecognised £000</i>	<i>9 months ended 31 December 2013 Recognised £000</i>	<i>9 months ended 31 December 2013 Unrecognised £000</i>
UK tax losses	-	(1,768)	-	(5,109)

Notes to the Financial Statements

7. Fixed asset investments

	<i>Investments in subsidiary companies</i> £000
Cost or valuation	
At 1 January 2014	56,268
Additions	526,019
At 31 December 2014	<u>582,287</u>
Net book value	
At 31 December 2014	<u>582,287</u>
At 31 December 2013	<u>56,268</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, Voyager Group Limited, another group undertaking issued two £0.10 ordinary shares to the Company for consideration of £526,018,451 in satisfaction of an intercompany debt receivable.

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>				
Voyager Group Limited	England and Wales	Investment holding company	100%	£0.10 ordinary shares
			100%	£1 redeemable preference shares
S.L. Guernsey Limited (in liquidation)	Guernsey	Insurance company	100%	No par value common stock
Virgin Management USA, Inc	USA	Management services	100%	No par value common stock

8. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	<u>-</u>	<u>14,949</u>

9. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	<u>-</u>	<u>107,378</u>

Notes to the Financial Statements

10. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1 (2013 - 1,225,103,001) ordinary shares of £0.10 each	-	122,510

On 19 June 2014, the Company issued one ordinary £0.10 share at a premium of £604,074 to Virgin Voyager Limited, another group undertaking, in satisfaction of an intercompany debt.

On 10 December 2014, the Company issued two ordinary £0.10 shares at a premium of £614,101,025 to Virgin Voyager Limited, another group undertaking, in satisfaction of an intercompany debt.

On the same day, the Company effected a reduction of its capital and cancelled 122,510,303 of its 122,510,304 shares then in issue.

11. Reserves

	<i>Share premium account</i> £000	<i>Profit and loss account</i> £000
At 1 January 2014	157,040	(315,711)
Profit for the financial year	-	3,743
Premium on shares issued during the year	614,705	-
Capital reduction	(771,745)	894,255
At 31 December 2014	-	582,287

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

On 19 June 2014, the Company issued one ordinary £0.10 share at a premium of £604,074 to Virgin Voyager Limited, another group undertaking, in satisfaction of an intercompany debt.

On 10 December 2014, the Company issued two ordinary £0.10 shares at a premium of £614,101,025 to Virgin Voyager Limited, another group undertaking, in satisfaction of an intercompany debt.

On the same day, the Company effected a reduction of its capital and cancelled 122,510,303 of its 122,510,304 shares then in issue, in order to create additional distributable reserves of £894,255,098 (Refer to Note 10).

12. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' deficit	(36,161)	(36,161)
Profit for the financial year/period	3,743	-
Share Premium on shares issued	614,705	-
Closing shareholders' funds/(deficit)	582,287	(36,161)

Notes to the Financial Statements

13. Related party transactions

At 31 December 2014 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 members of 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 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 2014, the Company had the following amounts outstanding and transactions in the year with related parties:

Companies related by virtue of common control or ownership	<i>Interest receivable</i> £000
S.L Insurance Limited	2

14. Post balance sheet events

On 20 January 2015, the Company's parent, Virgin Voyager Limited, subscribed for one ordinary £0.10 share in the capital of the Company for consideration of £172,422,104, in satisfaction of an intercompany debt.

On the same day, the Company, subscribed for one ordinary £0.10 share in the capital of its subsidiary, Voyager Group Limited, for consideration of £172,422,104, in satisfaction of an intercompany debt.

On 2 April 2015, the Company's parent, Virgin Voyager Limited subscribed for 2,500,000,000 ordinary £0.10 shares in the capital of the Company for consideration of £286,079,240, in satisfaction of an intercompany debt.

On the same day, the Company, subscribed for 2,500,000,000 ordinary £0.10 shares in the capital of its subsidiary, Voyager Group Limited, for consideration of £286,079,240, in satisfaction of an intercompany debt.

15. Ultimate parent undertaking and controlling party

At 31 December 2014, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest groups in which the results of the Company are consolidated are those for Virgin UK Holdings Limited and Virgin Holdings Limited, companies which are registered in England and Wales. Copies of the group accounts for Virgin UK Holdings Limited and Virgin Holdings Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.