

Annual report and financial statements

Virgin Money Limited

For the year ended 30 September 2022

Company Number: 06952311

Virgin Money Limited

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Directors and professional advisers

Directors

David Duffy
Clifford Abrahams

Secretary

Lorna McMillan

Registered office

Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Directors' report

The Directors of Virgin Money Limited ('the Company') present their report and financial statements for the year ended 30 September 2022.

Principal activities and results

The Company did not trade during the year and in the opinion of the Directors will not trade within the foreseeable future. As a result, no transactions occurred during the year and no income statement has been presented

Directors and Directors' interests

The Directors of the Company during the year and up to the date on which the financial statements were approved are shown on page 2.

The Directors are not remunerated for their duties. The Directors had no interest in the shares of the Company during the year.

Strategic report

The Company is exempt from presenting a Strategic report under section 414B(b) of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013.

Related parties

Details of related party transactions are set out in note 4 of the financial statements.

Share capital

On 29 September 2021, a special resolution was passed that reduced the issued ordinary share capital of the Company by cancelling and extinguishing 1,629,999,999 shares totalling £1,630.0m. Following this reduction, the issued ordinary share capital of the Company comprises one ordinary share of £1.

Further share capital information is shown in note 3 of the financial statements.

Post balance sheet events

There have been no significant events between 30 September 2022 and the date of approval of the annual financial statements which would require a change to or additional disclosure in the financial statements.

On behalf of the Board

DocuSigned by:

47E32C4F336643F...
Clifford Abrahams
Director
26 May 2023

Statement of Directors' responsibilities

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 are required to prepare the financial statements in accordance with UK adopted International Accounting Standards (IASs). 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 year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IASs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial performance;
- state whether UK adopted IASs have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Virgin Money Limited**Balance sheet**

	Note	2022 £m	2021 £m
Assets			
Due from related entities	4	<u>10.0</u>	<u>10.0</u>
Total assets		<u><u>10.0</u></u>	<u><u>10.0</u></u>
Equity			
Share capital	3	-	-
Retained earnings		<u>10.0</u>	<u>10.0</u>
Total equity		<u><u>10.0</u></u>	<u><u>10.0</u></u>
Total liabilities and equity		<u><u>10.0</u></u>	<u><u>10.0</u></u>

The notes on pages 7 to 8 form an integral part of these financial statements.


For the year ended 30 September 2022 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 26 May 2023 and signed on its behalf by:

DocuSigned by:

 Clifford Abrahams
 Director
 26 May 2023

Company number: 06952311

Statement of changes in equity

	Notes	Share capital £m	Retained earnings £m	Total equity £m
As at 1 October 2020		1,630.0	(1,620.0)	10.0
Total comprehensive income, net of tax		-	-	-
Reduction in ordinary share capital		<u>(1,630.0)</u>	<u>1,630.0</u>	<u>-</u>
As at 30 September 2021	3	-	10.0	10.0
Total comprehensive income, net of tax		-	-	-
As at 30 September 2022	3	<u>-</u>	<u>10.0</u>	<u>10.0</u>

The notes on pages 7 to 8 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

Statement of compliance

The financial statements, which should be read in conjunction with the Directors' report, are prepared under the historical cost convention and in accordance with UK adopted IASs.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in pounds Sterling (GBP), which is also the Company's presentation currency, rounded to the nearest hundred thousand pounds sterling (£0.1m) unless otherwise stated.

Income statement

No income statement has been prepared as the Company has not traded on its own account during the year. The Directors did not receive any emoluments in respect of their services to the Company.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's Directors. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company.

Dividends for the year that are approved after the balance sheet date are disclosed as an event after the balance sheet date

2. Fair value of financial instruments

Analysis of the fair value disclosures uses a hierarchy that reflects the significance of inputs used in measuring fair value. The level in the fair value hierarchy within which a fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy is as follows:

- Level 1 fair value measurements - quoted prices (unadjusted) in active markets for an identical financial asset or liability;
- Level 2 fair value measurements - inputs other than quoted prices within Level 1 that are observable for the financial asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 fair value measurements - inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

For the purpose of reporting movements between levels of the fair value hierarchy, transfers are recognised at the beginning of the reporting period in which they occur.

(a) Fair value of financial instruments recognised on the balance sheet at amortised cost

The tables below show a comparison of the carrying amounts of financial assets and liabilities measured at amortised cost, as reported on the balance sheet, and their fair values.

There are various limitations inherent in this fair value disclosure particularly where prices are derived from unobservable inputs due to some financial instruments not being traded in an active market. The methodologies and assumptions used in the fair value estimates are therefore described in the notes to the tables. The difference between carrying value and fair value is relevant in a trading environment but is not relevant to assets such as loans and advances.

	2022 and 2021				
	Carrying value	Fair value	Level 1	Level 2	Level 3
	£m	£m	£m	£m	£m
Financial assets					
Due from related entities	10.0	10.0	-	10.0	-

The fair values disclosed for financial instruments at amortised cost are based on the following methodologies and assumptions:

(a) Due from related entities – Fair value is deemed to approximate the carrying value.

(b) Fair value of financial instruments recognised on the balance sheet at fair value

At 30 September 2022, there were no financial instruments recognised on the balance sheet at fair value (2021: £Nil).

Notes to the financial statements (continued)**3. Called up share capital****Allotted, called up and fully paid share capital**

	2022	2021	2022	2021
	Number of	Number of	£m	£m
	shares	shares		
	millions	millions		
Ordinary shares of £1 each				
Opening ordinary share capital	-	1,630.0	-	1,630.0
Reduction in issued share capital during the year	-	(1,630.0)	-	(1,630.0)
Closing ordinary share capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 29 September 2021, a special resolution was passed that reduced the issued ordinary share capital of the Company by cancelling and extinguishing 1,629,999,999 shares totalling £1,630.0m. As these shares were fully paid up, the value of the cancelled shares was credited to the Company's retained earnings as shown in the statement of changes in equity on page 6. Following this reduction, the issued ordinary share capital of the Company comprises one ordinary share of £1.

As permitted by the Companies Act 2006, the Company's Articles of Association do not contain any references to authorised share capital.

No dividends have been paid or declared in the current or prior period.

4. Related party transactions

	2022	2021
	£m	£m
Amounts due from related entities		
Due from other banks		
Clydesdale Bank PLC	<u>10.0</u>	<u>10.0</u>
Total amounts due from related entities	<u><u>10.0</u></u>	<u><u>10.0</u></u>

There were no transactions with related entities in the current year or prior period.

Compensation of key management personnel (KMP)

KMP comprise Directors of the Company and members of the Virgin Money Executive Leadership Team.

KMPs are employed as executives of other Group companies and do not receive incremental remuneration in respect of their duties as Directors of the Company. These costs are borne by Clydesdale Bank PLC.

5. Group structure

The Company is incorporated and registered in England and Wales. The Company is a wholly owned subsidiary of Virgin Money Holdings (UK) Limited, a company incorporated and registered in England and Wales. The Company's ultimate parent is Virgin Money UK PLC, a company incorporated and registered in England and Wales. The smallest group in which the results of the Company are consolidated is that headed by Clydesdale Bank PLC. Virgin Money UK PLC heads the largest group in which the results of the Company are consolidated.

Copies of the most recent annual report and financial statement for both Virgin Money UK PLC and Clydesdale Bank PLC are available from the website: www.virginmoneyukplc.com/investor-relations/results-and-reporting/annual-reports/.

6. Post balance sheet events

There have been no significant events between 30 September 2022 and the date of approval of the annual financial statements which would require a change to or additional disclosure in the financial statements.