

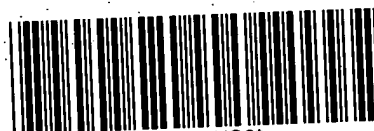
Barfair Limited

Strategic Report, Directors' report and Financial Statements

Registered number 3552508

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 loss for the year, after taxation, amounted to £28,357,000 (Period ended 31 December 2013 - profit £71,471,000).

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.

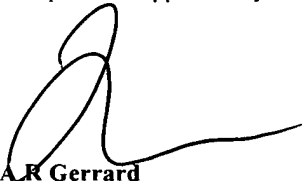
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Virgin Wings Group (the "Group") and are not separately managed. Further discussion of these risks and uncertainties, in context of the Group as a whole, is provided on pages 4-7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

The Company has considerable financial resources. In the current year, as part of a group wide reorganisation, the Company repaid all of its creditor loans. As a result, there is not expected to be significant interest payable charges in the profit and loss account. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

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 R 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 period were:

N A R Fox
I P Woods (alternate R P Blok)
R P Blok

Political and charitable contributions

The Company made no political contributions during the year (Period ended 31 December 2013: £nil). Donations to UK charities amounted to £5,256,000 (Period ended 31 December 2013: £3,576,000) of which £5,256,000 (Period ended 31 December 2013: £3,576,000) was made to Virgin Unite, a charity affiliated to the Group.

Provision of information to auditor

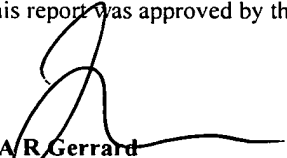
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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
London
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 Barfair Limited

We have audited the financial statements of Barfair Limited for the year ended 31 December 2014, set out on pages 5 to 13. 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 directors' responsibilities 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 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, 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>Note</i>	<i>12 months ended 31 December 2014 £000</i>	<i>9 months ended 31 December 2013 £000</i>
Administrative expenses		(4,881)	90,599
Other operating income		2	22
		<hr/>	<hr/>
Operating (loss)/profit	2	(4,879)	90,621
Interest receivable and similar income	5	475	532
Interest payable and similar charges	6	(25,498)	(19,688)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(29,902)	71,465
Tax on (loss)/profit on ordinary activities	7	1,545	6
		<hr/>	<hr/>
(Loss)/profit for the financial year		(28,357)	71,471
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

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

The notes on pages 7 to 13 form part of these financial statements.

Balance sheet
as at 31 December 2014

	<i>Note</i>	£000	2014 £000	£000	2013 £000
Fixed assets					
Investments	8		875,128		183,257
Current assets					
Debtors	9	19,821		100,167	
Creditors: amounts falling due within one year	10	(3,686)		(891,740)	
Net current assets/(liabilities)			16,135		(791,573)
Net assets/(liabilities)			891,263		(608,316)
Capital and reserves					
Called up share capital	11		-		2
Share premium account	12		-		276,487
Profit and loss account	12		891,263		(884,805)
Shareholders' funds/(deficit)	13		891,263		(608,316)

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 13 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 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):

	<i>12 months ended</i> <i>31 December</i>	<i>9 months ended</i> <i>31 December</i>
	2014	2013
	£000	£000
Provision released against amounts due from related undertakings	(15)	(7,003)
	<u><u> </u></u>	<u><u> </u></u>

3. Auditors' remuneration

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

4. Directors' remuneration

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

5. Interest receivable

	<i>12 months ended</i> <i>31 December</i>	<i>9 months ended</i> <i>31 December</i>
	2014	2013
	£000	£000
Interest receivable from group companies	475	532
	<u><u> </u></u>	<u><u> </u></u>

6. Interest payable

	<i>12 months ended</i> <i>31 December</i>	<i>9 months ended</i> <i>31 December</i>
	2014	2013
	£000	£000
On loans from group undertakings	25,498	19,688
	<u><u> </u></u>	<u><u> </u></u>

Notes to the financial statements

7. Taxation

	<i>12 months ended 31 December 2014 £000</i>	9 months ended 31 December 2013 £000
Adjustments in respect of prior periods	(1,545)	(6)
Tax on (loss)/profit on ordinary activities	(1,545)	(6)

Factors affecting tax credit for the year/period

The tax assessed for the period/year is higher than (Period ended 31 December 2013 - lower than) 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>	9 months ended 31 December 2013 £000
(Loss)/profit on ordinary activities before tax	(29,902)	71,465
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (Period ended 31 December 2013 - 23%)	(6,427)	16,437
Effects of:		
Expenses not deductible for tax purposes	5,488	4,528
Adjustments to tax charge in respect of prior periods	(1,545)	(6)
Non-taxable income	(90)	(21,701)
UK tax losses not utilised or not recognised	1,029	736
Current tax credit for the year/period (see note above)	(1,545)	(6)

Factors that may affect future tax charges

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

Notes to the financial statements

8. Fixed asset investments

	<i>Investments in subsidiary companies</i> £000
Cost or valuation	
At 1 January 2014	314,318
Additions	691,871
	1,006,189
At 31 December 2014	1,006,189
Impairment	
At 1 January 2014 and 31 December 2014	131,061
	131,061
Net book value	
At 31 December 2014	875,128
	875,128
At 31 December 2013	183,257

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, Virgin Voyager Limited, another group undertaking, issued two US\$ 0.01 ordinary shares to the Company for consideration of £77,771,030 in satisfaction of an intercompany debt.

On 10 December 2014, Virgin Voyager Limited, another group undertaking issued two US\$ 0.01 ordinary shares to the Company for consideration of £614,101,027 in satisfaction of an intercompany debt.

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>				
The Virgin Trading Group Limited	England & Wales	Investment holding company	100%	Ordinary £0.0001 shares
Virgin Voyager Limited	England & Wales	Investment holding company	100%	Ordinary US \$0.01 shares
Virgin Developments Limited	England & Wales	Dormant	100%	Ordinary £1 shares
Crawley Business Quarter Limited	England & Wales	Dormant	100%	Ordinary £1 shares
V Secretarial Services Limited	England & Wales	Dormant	100%	A Ordinary £1 shares

Notes to the financial statements

9. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	19,821	100,167
	<u>19,821</u>	<u>100,167</u>

10. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	3,686	891,740
	<u>3,686</u>	<u>891,740</u>

11. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1(2013 - 2,000) ordinary shares of £1	-	2
	<u>-</u>	<u>2</u>

On 10 December 2014, the Company issued two £1 ordinary shares at a premium of £1,527,936,936 to Bluebottle UK Limited, another group undertaking, in satisfaction of an intercompany debt.

On the same day, the Company effected a reduction of its capital and cancelled 2,001 of its 2,002 shares then in issue.

12. Reserves

	<i>Share premium account</i> £000	<i>Profit and loss account</i> £000
At 1 January 2014	276,487	(884,805)
Loss for the year	-	(28,357)
Premium on shares issued during the year	1,527,937	-
Capital reduction	(1,804,424)	1,804,425
	<u>-</u>	<u>1,804,425</u>
Total	<u>-</u>	<u>891,263</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, the Company issued two £1 ordinary shares at a premium of £1,527,936,936 to Bluebottle UK Limited, another group undertaking, in satisfaction of an intercompany debt.

On the same day, the Company effected a reduction of its capital and cancelled 2,001 of its 2,002 shares then in issue, in order to create additional distributable reserves of £1,804,423,851 (Refer to Note 11).

Notes to the financial statements

13. Reconciliation of movement in shareholders' funds

	2014	2013
	£000	£000
Opening shareholders' deficit	(608,316)	(679,838)
(Loss)/profit for the year/ period	(28,357)	71,471
Premium on shares issued during the year	1,527,937	-
Capital reduction	(1)	-
	891,263	(608,367)
	891,263	(608,367)

For movement during the year refer to Note 11 and Note 12.

14. Contingent liabilities

The Company is party to a group overdraft facility of £50 million (Period ended 31 December 2013: £50 million) of which £nil (Period ended 31 December 2013: £nil) was drawn down, all of which is repayable on demand.

15. 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 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.

16. Post balance sheet events

On 20 January 2015, the Company's parent, Bluebottle UK Limited, subscribed for one ordinary £1 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 US\$0.01 share in the capital of its subsidiary, Virgin Voyager Limited, for consideration of £172,422,104, in satisfaction of an intercompany debt.

On 02 April 2015, the Company's parent, Bluebottle UK Limited subscribed for 125,000,000, ordinary £1 shares in the capital of the Company for consideration of £135,839,819, in satisfaction of an intercompany debt.

On the same day, the Company, subscribed for 12,500,000,000 ordinary US\$0.01 share in the capital of its subsidiary, Virgin Voyager Limited, for consideration of £172,422,104, in satisfaction of an intercompany debt.

On the same day, the Company's parent, Bluebottle UK Limited subscribed for 125,000,000 ordinary £1 shares in the capital of the Company for consideration £150,239,421, in satisfaction of an intercompany debt.

On the same day, the Company, subscribed for 12,500,000,000 ordinary US\$0.01 share in the capital of its subsidiary, Virgin Voyager Limited, for consideration of £150,239,421, in satisfaction of an intercompany debt.

Notes to the financial statements

17. Ultimate parent undertaking and controlling party

As at 31 December 2014, 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 UK Holdings Limited and Virgin Holdings Limited respectively, 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.