

The Virgin Trading Group Limited

Director's report and financial statements

Registered number 3389772

31 March 2012

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Director's report

The director presents her report and the financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the Company is the control and management of various franchise and supplier agreements.

Business review

The Company has net liabilities. However, as detailed in note 1 to the financial statements a parent undertaking, Virgin 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 director has no reason to believe that the parent company will not be in a position to provide this support.

The director has 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 loss for the year, after taxation, amounted to £46,000 (2011 - loss £131,136,000)

The director does not recommend the payment of a dividend (2011 - £nil)

Director

The directors who served during the year were

C M P Coquebert de Neuville (resigned 18 May 2012)

S Malik - Alternate Director to C M P Coquebert de Neuville (appointed 31 August 2011 & resigned 12 April 2012)

C R Stent (appointed 18 May 2012)

Provision of information to auditor

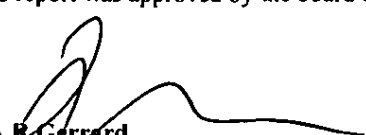
The director at the time when this Director's report is approved has confirmed that

- 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 3 December 2012 and signed on its behalf



B A R Gerrard
Company Secretary
The School House
50 Brook Green
Hammersmith
London
W6 7RR

Director's responsibilities statement
for the year ended 31 March 2012

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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 The Virgin Trading Group Limited

We have audited the financial statements of The Virgin Trading Group Limited for the year ended 31 March 2012, set out on pages 4 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 director and auditor

As explained more fully in the Statement of director's responsibilities on page 2, the director is 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2012 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 Director's 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 director's 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

Chartered Accountants

Registered Auditor

15 Canada Square

London

E14 5GL

4 December 2012

Profit and loss account
for the year ended 31 March 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	77	211
Cost of sales		(9)	(30)
Gross profit		68	181
Administrative expenses		(211)	(131,350)
Other operating income	3	71	36
Operating loss	4	(72)	(131,133)
Interest receivable and similar income	7	-	1
Interest payable and similar charges	8	(13)	(5)
Loss on ordinary activities before taxation		(85)	(131,137)
Tax on loss on ordinary activities	9	39	1
Loss for the financial year	16	(46)	(131,136)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 6 to 12 form part of these financial statements

Balance sheet
as at 31 March 2012

	<i>Note</i>	£000	2012 £000	£000	2011 £000
Fixed assets					
Intangible assets	10		-		-
Investments	11		-		-
			<u>-</u>		<u>-</u>
Current assets					
Debtors	12	65		84	
Cash at bank		159		27	
		<u>224</u>		<u>111</u>	
Creditors: amounts falling due within one year	13	<u>(7,476)</u>		<u>(7,352)</u>	
Net current liabilities			<u>(7,252)</u>		<u>(7,241)</u>
Total assets less current liabilities			<u>(7,252)</u>		<u>(7,241)</u>
Provisions for liabilities					
Other provisions	14		<u>(64)</u>		<u>(29)</u>
Net liabilities			<u><u>(7,316)</u></u>		<u><u>(7,270)</u></u>
Capital and reserves					
Called up share capital	15		3		3
Share premium account	16		131,011		131,011
Profit and loss account	16		<u>(138,330)</u>		<u>(138,284)</u>
Shareholders' deficit	17		<u><u>(7,316)</u></u>		<u><u>(7,270)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 December 2012


C R Stent
Director

The notes on pages 6 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 FRS1 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.

The financial statements have been prepared on a going concern basis in view of the fact that a parent undertaking, Virgin 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.

As 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 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

1.3 Investments

Investments in subsidiaries are shown at cost less amounts written off.

1.4 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.

1.5 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 Turnover

Turnover represents the amounts (excluding value added tax) derived from the commission received on beverage sales by licensed suppliers, in the UK, the Philippines and Nigeria

3. Other operating income

	2012 £000	2011 £000
Royalty receivable	5	36
Distribution income	66	-
	<u>71</u>	<u>36</u>

On 14 March 2012, 22 March 2012 and 31 March 2012, the Company received a total of €79,711 (£66,000) from its investment, Virgin Drinks Holdings BV, being distribution upon liquidation

4. Operating loss

The operating loss is stated after charging

	2012 £000	2011 £000
Amounts provided against intercompany balances	-	69
Provision against investment in related undertaking	-	131,011
	<u>-</u>	<u>131,080</u>

During the year, no director received any emoluments (2011 - £NIL)

5 Auditors' remuneration

	2012 £000	2011 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8	5
	<u>8</u>	<u>5</u>

Notes to the financial statements

6. Staff costs

Staff costs were as follows

	2012 £000	2011 £000
Wages and salaries	-	48
Other pension costs	-	5
	<u>-</u>	<u>53</u>

The average monthly number of employees, including the director, during the year was as follows

	2012 No	2011 No
Administration and management	<u>0</u>	<u>1</u>

7. Interest receivable and similar income

	2012 £000	2011 £000
Net foreign exchange gains	<u>-</u>	<u>1</u>

8. Interest payable and similar charges

	2012 £000	2011 £000
On loans from group undertakings	10	5
Net foreign exchange losses	3	-
	<u>13</u>	<u>5</u>

9. Taxation

	2012 £000	2011 £000
Adjustments in respect of prior periods	(39)	(1)
Tax on loss on ordinary activities	<u>(39)</u>	<u>(1)</u>

Notes to the financial statements

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below

	2012 £000	2011 £000
Loss on ordinary activities before tax	(85)	(131,137)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(22)	(36,718)
Effects of:		
Expenses not deductible for tax	1	36,708
UK tax losses not utilised or not recognised	21	10
Adjustments to tax charge in respect of prior periods	(39)	(1)
Current tax credit for the year (see note above)	(39)	(1)

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

	2012 Recognised £000	2012 Unrecognised £000	2011 Recognised £000	2011 Unrecognised £000
UK tax losses	-	(45)	-	(67)

A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further 1% reduction to 24% (a revised rate effective from 1 April 2012) was substantively enacted on 26 March 2012. A rate of 24% has been used within the deferred tax calculations within these financial statements

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

Notes to the financial statements

10. Intangible fixed assets

	<i>Goodwill</i> £000
Cost	
At 1 April 2011 and 31 March 2012	<u>372</u>
Amortisation	
At 1 April 2011 and 31 March 2012	<u>372</u>
Net book value	
At 31 March 2012	<u><u>-</u></u>
At 31 March 2011	<u><u>-</u></u>

11. Fixed asset investments

Fixed asset investment comprises equity shares in its subsidiary, The Virgin Drinks Group Limited at a valuation of £nil (2011 £nil), equity shares in Virgin Drinks Holdings BV at a valuation of £nil and 0% preference shares also in The Virgin Drinks Group Limited at a valuation of £nil (2011 £nil)

12. Debtors

	2012 £000	2011 £000
Trade debtors	8	7
Amounts owed by group undertakings	40	38
Other debtors	1	-
Prepayments and accrued income	7	28
Tax & other social security	9	11
	<u>65</u>	<u>84</u>

13. Creditors: Amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	-	10
Amounts owed to group undertakings	7,459	7,296
Other creditors	-	10
Accruals and deferred income	17	36
	<u>7,476</u>	<u>7,352</u>

Notes to the financial statements

14. Provisions

	<i>Dilapidations provision £000</i>
At 1 April 2011	29
Additions	35
At 31 March 2012	<u>64</u>

15. Share capital

	2012 £000	2011 £000
Authorised, allotted, called up and fully paid		
16,470,654 (2010 16,470,652) 'A' ordinary shares of £0 0001 each	2	2
8,235,326 (2010 8,235,326) 'B' ordinary shares of £0 0001 each	1	1
	<u>3</u>	<u>3</u>

16. Reserves

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 April 2011	131,011	(138,284)
Loss for the year	-	(46)
At 31 March 2012	<u>131,011</u>	<u>(138,330)</u>

17. Reconciliation of movement in shareholders' deficit

	2012 £000	2011 £000
Opening shareholders' deficit	(7,270)	(7,145)
Loss for the year	(46)	(131,136)
Share premium on shares issued (net of expenses)	-	131,011
Closing shareholders' deficit	<u>(7,316)</u>	<u>(7,270)</u>

On 30 September 2010, the Company issued 2 £0 0001 A ordinary shares at a premium resulting in a share premium of £131,011,000

Notes to the financial statements

18. Related party transactions

At 31 March 2012 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 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.

19. Ultimate parent undertaking and controlling party

As at 31 March 2012 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 results of the Company are consolidated is those of Virgin Wings Limited and Virgin Holdings Limited respectively, registered in England and Wales. The consolidated accounts of these groups can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.