Wordglass Limited

Directors' report and financial statements

Registered number 01554600

31 March 2012

Contents

Directors' report

The directors present their report and the financial statements for the year ended 31 March 2012

Principal activities

The Company's principal activity was the operation of a nightclub but this has now ceased The Company is currently non trading

Business review

The directors are currently considering the options for the Company following its cessation of operation of its nightclub

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 directors have no reason to believe that the parent company will not be in a position to provide this support

Furthermore, no significant activity is expected in the Company's profit and loss account at this present time As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

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

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review

Results

The profit for the year, after taxation, amounted to £1,494,617 (2011 - £31,055)

Directors

The directors who served during the year were

J D R Brown
JP Moorhead (resigned 20 March 2012)
C R Stent (appointed 20 March 2012)

Provision of information to auditors

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 auditors are 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 auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Directors' report

Auditors

Pursuant to Sectıon 487 of the Companıes Act 2006 the audıtors wıll be deemed to be reappoınted and KPMG LLP wıll therefore contınue ın office

Dividends

The dırectors do not recommend the payment of a dıvıdend (2011 £nıl)

Thıs report was approved by the board on 13 August 2012 and sıgned on ıts behalf

J D R Brown
Dırector

The School House
50 Brook Green
London
W6 7RR

Directors' responsibilities statement
For the year ended 31 March 2012

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 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 Wordglass Limited

We have audited the financial statements of Wordglass Limited for the year ended 31 March 2012, set out on pages 6 to 12 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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, 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 (APB'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 APB'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 profit for the year then ended,
- have been properly prepared in accordance with UK 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

Independent auditor's report to the members of Wordglass Limited

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

Hugh Green (Senior Statutory Auditor)

for and on behalf of
KPMG LLP

Chartered Accountants
Statutory Auditor
15 Canada Square
London
E14 5GL

14 August 2012

Profit and loss account
For the year ended 31 March 2012

	Note	2012 £	2011 £
Administrative expenses		(4,251)	39,208
Operating (loss)/profit		(4,251)	39,208
Interest receivable and similar income		-	3,924
(Loss)/profit on ordinary activities before taxation		(4,251)	43,132
Tax on (loss)/profit on ordinary activities	5	1,498,868	(12,077)
Profit for the financial year	10	1,494,617	31,055

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 8 to 12 form part of these financial statements.

Registered number 01554600

Balance sheet
As at 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	6		-		-
Current assets					
Debtors	7	3,450,219		267,838	
Cash at bank and in hand		181,166		264,856	
		3,631,385		532,694	
Creditors: amounts falling due within one year	8	(8,908,937)		(7,304,863)	
Net current liabilities			(5,277,552)		(6,772,169)
Net liabilities			(5,277,552)		(6,772,169)
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		(5,277,652)		(6,772,269)
Shareholders' deficit	11		(5,277,552)		(6,772,169)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 August 2012

J D R Brown
Director

The notes on pages 8 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 financial statements have been prepared on a going concern basis in view of the fact that Virgin Holdings Limited, a parent undertaking, 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 from the date of approval of these financial statements

The directors have no reason to believe that Virgin Holdings Limited 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

Under Financial Reporting Standard 1 (Revised) 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 Wings 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 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Short Term Leasehold Improvements - Straight line over the life of the lease

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

2. Auditor's remuneration

	2012	2011
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**2,160**	2,060

Notes to the financial statements

3. Staff numbers and costs

The company has no employees other than the directors, who did not receive any remuneration (2011 - £nil)

4. Directors' remuneration

The directors did not receive any remuneration during the period for services to the Company (2011 £nil)

5. Taxation

	2012 £	2011 £
Analysis of tax (credit)/charge in the year		
UK corporation tax charge on (loss)/profit for the year	-	12,077
Adjustments in respect of prior periods	**(1,498,868)**	-
Tax on (loss)/profit on ordinary activities	**(1,498,868)**	12,077

Factors affecting tax (credit)/charge for the year

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

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	**(4,251)**	43,132
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	**(1,105)**	12,077
Effects of:		
UK tax losses not utilised or not recognised	**1,105**	-
Adjustments to tax charge in respect of prior periods	**(1,498,868)**	-
Current tax (credit)/charge for the year (see note above)	**(1,498,868)**	12,077

Factors that may affect future tax charges

Details of the Company's total recognised and unrecognised deferred tax asset at the year end (and prior year 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 more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Notes to the financial statements

	2012 Recognised £	*2012 Unrecognised £*	*2011 Recognised £*	*2011 Unrecognised £*
UK tax losses	-	**1,020**	-	**1,376,262**
	-	**1,020**	-	**1,376,262**

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 This will reduce the Company's future current tax charge accordingly The deferred tax asset at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly

6. Tangible fixed assets

	S/Term Leasehold Improvements £
Cost	
At 1 April 2011	**1,450,274**
Disposals	**(1,450,274)**
At 31 March 2012	-
Depreciation	
At 1 April 2011	**1,450,274**
On disposals	**(1,450,274)**
At 31 March 2012	-
Net book value	
At 31 March 2012	-
At 31 March 2011	-

7. Debtors

	2012 £	2011 £
Amounts owed by group undertakings	**3,450,219**	267,620
Other debtors	-	218
	3,450,219	267,838

Notes to the financial statements

8. Creditors:
Amounts falling due within one year

	2012 £	2011 £
Trade creditors	-	138
Amounts owed to group undertakings	**8,859,700**	7,257,648
Corporation tax	**12,077**	12,077
Accruals and deferred income	**37,160**	35,000
	8,908,937	7,304,863

9. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

10. Reserves

	Profit and loss account £
At 1 April 2011	**(6,772,269)**
Profit for the year	**1,494,617**
At 31 March 2012	**(5,277,652)**

11. Reconciliation of movement in shareholders' deficit

	2012 £	2011 £
Opening shareholders' deficit	**(6,772,169)**	(6,803,224)
Profit for the year	**1,494,617**	31,055
Closing shareholders' deficit	**(5,277,552)**	(6,772,169)

Notes to the financial statements

12. Related party transactions

At 31 March 2012, the Company's ultimate parent company was Virgin Group Holdings Limited, whose principal shareholders are 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 the Company is a wholly owned subsidiary of Virgin Wings 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

13. 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 Company and group results are consolidated are those for Virgin Wings Limited and Virgin Holdings Limited respectively, companies both registered in England and Wales Copies of the group accounts of Virgin Holdings Limited and Virgin Wings Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ