

The Virgin Drinks Group Limited

Director's report and financial statements

Registered number 2947687

30 September 2013

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Director's report

The director presents his report and the financial statements for the year ended 30 September 2013.

Principal activities and review of business

The principal activity of the Company is that of a holding company.

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.

The directors therefore 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.

Director

The directors who served during the year were:

B A R Gerrard (appointed 27 June 2013)

C R Stent (resigned 27 June 2013)

Provision of information to auditor

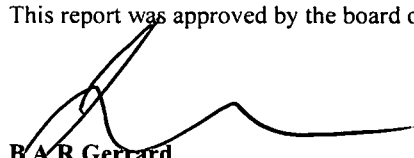
The director at the time when this Director's report is approved has confirmed that:

- 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 25 June 2014 and signed on its behalf.



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

Director's responsibilities statement
for the year ended 30 September 2013

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 he is 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 director is 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 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 him to ensure that the financial statements comply with the Companies Act 2006. He 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 shareholders of The Virgin Drinks Group Limited

We have audited the financial statements of The Virgin Drinks Group Limited for the year ended 30 September 2013, set out on pages 4 to 10. 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 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 directors' responsibilities on page 2, 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 30 September 2013 and of its result 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; or
- the directors were not entitled to not prepare a strategic report, in accordance with the small companies regime.



Sarah Styant (Senior statutory auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 June 2014

Profit and loss account
for the year ended 30 September 2013

	<i>Note</i>	2013 £000	2012 £000
Administrative expenses		-	774
Profit on ordinary activities before taxation	2	-	774
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		-	774

All amounts relate to continuing operations.

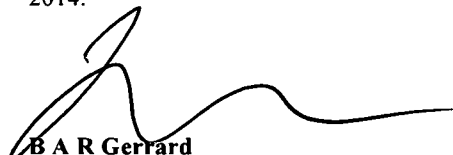
There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The Company has not traded during the year. During this period, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

Balance sheet
as at 30 September 2013

	<i>Note</i>	£000	2013 £000	2012 £000
Fixed assets				
Investments	6	-	-	-
Current assets				
Debtors	7	1,817	2,076	
Creditors: amounts falling due within one year	8	<u>(23,341)</u>	<u>(23,600)</u>	
Net current liabilities			<u>(21,524)</u>	<u>(21,524)</u>
Net liabilities			<u>(21,524)</u>	<u>(21,524)</u>
Capital and reserves				
Called up share capital	9	-	-	-
Share premium account		131,011	131,011	
Profit and loss account		<u>(152,535)</u>	<u>(152,535)</u>	
Shareholders' deficit	10		<u>(21,524)</u>	<u>(21,524)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2014.


B A R Gerrard
 Director

The notes on pages 6 to 10 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

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 the parent undertaking, Virgin Holdings Limited, has formally indicated that it is its 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 the support referred to above and, accordingly, they have prepared the financial statements on the going concern basis.

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.

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.

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 Provisions

Provisions are recognised when the company has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation, and a reliable estimate of the obligation can be made. Provisions are discounted to their net present value when the effect of discounting is material.

Notes to the financial statements

2. Profit on ordinary activities before taxation

The profit is stated after charging/(crediting):

	2013 £000	2012 £000
Amounts provided against investments	-	8,126
Provisions released against intercompany debtors	-	(8,900)
	<u> </u>	<u> </u>

3. Auditors' remuneration

The audit fee for the current and prior period has been borne by another group undertaking.

4. Director's remuneration

The directors did not receive any remuneration during the year for services to the Company (2012 - £nil).

Notes to the financial statements

5. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2012 - lower than) the standard rate of corporation tax in the UK of 23.5% (2012 - 25%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	-	774
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2012 - 25%)	-	194
Effects of:		
Expenses not deductible for tax purposes	-	2,032
Non-taxable income	-	(2,226)
Current tax charge for the year	-	-

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.

Reductions in the rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. A rate of 20% has been used within the deferred tax calculations within these financial statements.

	2013 Recognised £000	2013 Unrecognised £000	2012 Recognised £000	2012 Unrecognised £000
Excess of capital allowances over depreciation	-	(37)	-	(42)
UK tax losses	-	(159)	-	(183)
Total	-	(196)	-	(225)

Notes to the financial statements

6. Fixed asset investments

	<i>Investments in subsidiary companies £000</i>
Cost or valuation	
At 1 October 2012	8,126
Amounts written off	(8,126)
At 30 September 2013	-
Impairment	
At 1 October 2012	8,126
Impairment reversal	(8,126)
At 30 September 2013	-
Net book value	
At 30 September 2013	-
At 30 September 2012	-

On 23 October 2012 the Company's subsidiary, Virgin Drinks Company Limited, was dissolved. On the same date, the Company wrote off its investment in this company of £8,126,000. The investment was fully provided so there was no effect on the profit and loss for the period.

7. Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	1,817	2,076

8. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	17,341	17,600
Share capital treated as debt (Note 9)	6,000	6,000
	23,341	23,600

Disclosure of the terms and conditions attached to the non-equity shares are made in note 9.

Notes to the financial statements

9. Share capital

	2013 £000	2012 £000
Shares classified as capital		
Allotted, called up and fully paid		
4 Ordinary shares of £1 each	-	-
Shares classified as debt		
Allotted, called up and fully paid		
6,000,000 Redeemable 0% preference shares of £1 each	6,000	6,000

The preference shares are redeemable at par on demand (by the shareholder) or on winding up. They have no rights to votes or dividends. The preference shares are owned by The Virgin Trading Group Limited, the immediate parent company.

10. Reconciliation of movement in shareholders' deficit

	2013 £000	2012 £000
Opening shareholders' deficit	(21,524)	(22,298)
Profit for the financial year	-	774
Closing shareholders' deficit	(21,524)	(21,524)

11. Related party transactions and ultimate controlling party

At 30 September 2013 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 contained 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.

12. Parent undertaking of a larger and smaller group of which the Company is a member

As at 30 September 2013, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

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