

The Virgin Drinks Company Limited

Director's report and financial statements

Registered number 2952948

30 September 2010



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Director's report

The director presents her report and the financial statements for the period ended 30 September 2010

Principal activities and review of business

The Company's principal activity was the sale of beverages, the main focus of which was the sale of energy drinks to the export market in the prior year. The company ceased trading during the current period.

The financial statements have been prepared for 18 months ended 30 September 2010, with the prior year covering 12 months.

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, as an investment holding company, no significant changes are expected in relation to the Company's income streams or cost base 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.

Results and dividends

The profit for the period, after taxation, amounted to £86,000 (2009 - loss £10,000).

The director does not recommend the payment of a dividend (2009 - £nil).

Director

The directors who served during the period were

JP Moorhead (resigned 3 April 2009)
A Hindle (appointed 3 April 2009 & resigned 28 October 2009)
K Rodie (appointed 28 October 2009 & resigned 16 November 2009)
C Macapili (appointed 16 November 2009 & resigned 20 May 2010)
C Coquebert de Neuville (appointed 20 May 2010)

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.

Director's report

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 17 June 2011 and signed on its behalf

A handwritten signature in black ink, appearing to be 'B Gerrard', written over a horizontal line.

B Gerrard
Secretary

The School House
50 Brook Green
London
W6 7RR

Statement of director's responsibilities
for the period ended 30 September 2010

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 shareholders of The Virgin Drinks Company Limited

We have audited the financial statements of The Virgin Drinks Company Limited for the period ended 30 September 2010, set out on pages 5 to 11. 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 director's responsibilities, 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 30 September 2010 and of its profit for the period 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.

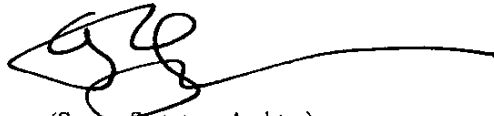
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial period 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.



H Green (Senior Statutory Auditor)

for and on behalf of

KPMG LLP

Chartered Accountants

Statutory Auditor

15 Canada Square

London

E14 5GL

27 June 2011

Profit and loss account
for the period ended 30 September 2010

		<i>18 months ended 30 September 2010 £000</i>	12 months ended 31 March 2009 £000
	<i>Note</i>		
Administrative expenses		85	(12)
Operating profit/(loss)	2	85	(12)
Interest receivable and similar income	4	1	2
Profit/(loss) on ordinary activities before taxation		86	(10)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the financial period	9	86	(10)

All amounts relate to discontinued operations

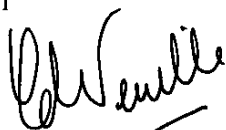
There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account

The notes on pages 7 to 11 form part of these financial statements

Balance sheet
as at 30 September 2010

			30 September 2010		31 March 2009
	<i>Note</i>	£000	£000	£000	£000
Current assets					
Debtors	6	-		38	
Creditors' amounts falling due within one year	7	(11,741)		(11,865)	
Net current liabilities			(11,741)		(11,827)
Total assets less current liabilities			(11,741)		(11,827)
Capital and reserves					
Called up share capital	8		29,700		29,700
Profit and loss account	9		(41,441)		(41,527)
Shareholders' deficit	10		(11,741)		(11,827)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 June 2011



C Coquebert de Neuville
 Director

The notes on pages 7 to 11 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 director has no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, she has prepared the financial statements on the going concern basis

As the Company is a wholly owned indirect subsidiary of Virgin Wings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Virgin Wings Limited, within which this Company is included, can be obtained from the Registrar of Companies (address given in note 13)

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 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. Operating profit/(loss)

The audit fee for the current period to 30 September 2010 and prior year to 31 March 2009 was borne by another group company

3 Staff costs

The Company has no employees other than the directors, who did not receive any remuneration (2009 - £nil)

Notes to the financial statements

4. Interest receivable

	<i>18 months ended 30 September 2010 £000</i>	12 months ended 31 March 2009 £000
Interest receivable from group companies	<u>1</u>	<u>2</u>

5 Taxation

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	<i>18 months ended 30 September 2010 £000</i>	12 months ended 31 March 2009 £000
Profit/loss on ordinary activities before tax	<u>86</u>	<u>(10)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	24	(3)
Effects of:		
Expenses not deductible for tax purposes	11	-
Capital allowances for period/year in excess of depreciation	-	(336)
Utilisation of tax losses	(53)	-
Non-taxable income	(35)	(1)
Capital gains	53	-
Unrelieved tax losses carried forward	-	340
Current tax charge for the period/year	<u>-</u>	<u>-</u>

Notes to the financial statements

5. Taxation (continued)

Factors that may affect future tax charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate was to reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was enacted on 27 July 2010 and was to be effective from 1 April 2011. The Budget on 23 March 2011 announced further measures to reduce the UK corporation tax rate by an additional 1% from 27% to 26% with effect from 1 April 2011, and to 23% by 2014.

These changes will reduce the Company's future current tax charge accordingly. The measurement of deferred tax is based upon the expected change in rate to 27% as enacted at the balance sheet date. This had the effect of reducing the deferred tax asset unrecognised at the balance sheet date by £120,534. If the rate change to 26% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset unrecognised at that date by a further £118,656.

The full anticipated effect of the announced further 3% rate reduction has not yet been quantified, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly. Details of the Company's total unrecognised deferred tax assets at the period end (and prior year end) are shown in the table below.

	<i>18 months ended 2010</i>	<i>18 months ended 2010</i>	<i>12 months ended 2009</i>	<i>12 months ended 2009</i>
	Recognised £000	Unrecognised £000	Recognised £000	Unrecognised £000
UK tax losses	-	(3,204)	-	(3,375)

6. Debtors

	<i>30 September 2010 £000</i>	<i>31 March 2009 £000</i>
Amounts owed by group undertakings	-	25
Other debtors	-	13
	-	38

7. Creditors: Amounts falling due within one year

	<i>30 September 2010 £000</i>	<i>31 March 2009 £000</i>
Amounts owed to group undertakings	11,741	11,865

Notes to the financial statements

8. Share capital

	<i>30 September</i> 2010 £000	31 March 2009 £000
Allotted, called up and fully paid		
29,700,000 ordinary shares of £1 each	<u>29,700</u>	<u>29,700</u>

9. Reserves

	<i>Profit and loss account</i> £000
At 1 April 2009	(41,527)
Profit for the period	86
At 30 September 2010	<u>(41,441)</u>

10. Reconciliation of movement in shareholders' deficit

	<i>30 September</i> 2010 £000	31 March 2009 £000
Opening shareholders' deficit	(11,827)	(11,817)
Profit/(loss) for the period/year	86	(10)
Closing shareholders' deficit	<u>(11,741)</u>	<u>(11,827)</u>

11. Contingent liabilities

The Company is party to a group sterling overdraft facility of up to £1m (2009 £1m), repayable on demand, subject to an unlimited group guarantee and set off arrangement

12. Related party disclosures and ultimate controlling party

At 30 September 2010, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands, whose principal shareholders are certain trusts, none of which individually has a controlling interest in the company. 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 Wings 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 Wings Limited and its wholly owned subsidiaries. There are no related party transactions requiring disclosure in 2010 (2009 £nil).

Notes to the financial statements

13. Parent undertaking of a larger and smaller group of which the company is a member

As at 30 September 2010, 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 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