

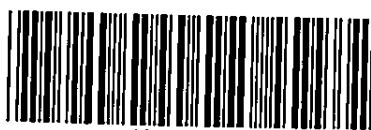
**Virgin Bride Limited**

**Directors' report and financial  
statements**

**Registered number 3046028**

**31 March 2008**

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## Directors' report

The directors present their report and financial statements for the year ended 31 March 2008

### Principal activity

The principal activity of the company is that of a retailer of wedding dresses and associated bridal services

### Results and business review

The loss for the financial year was £664,612 (2007 loss for the year of £327,472) The directors are unable to recommend the payment of a dividend (2007 £nil)

On the 12<sup>th</sup> December 2007, the directors decided to embark on the process of closing the Manchester store by 31<sup>st</sup> October 2008. This decision has been taken in light of the very difficult trading conditions in the market that has impacted heavily on the trading profits during 2007. This is despite all efforts to improve the gross profit margins and reduce the store overheads.

No further new orders were taken post 12<sup>th</sup> December 2007. A skeleton staffing level is being retained to meet the existing bridal orders and to facilitate the closure of the store.

The company has met the requirements in the Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review.

### Directors and directors' interests

The directors during the year under review were

JE Jackson (resigned 6 April 2008)

SML Hall (resigned 29 June 2007)

AS Lee

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The members of the company have passed elective resolutions in accordance with Sections 366A, 252 and 386 of the Companies Act 1985 dispensing with the previous statutory requirement of holding annual general meetings, laying accounts before the company in general meetings and re-appointing auditors annually. This last resolution will lead to the continuing appointment of KPMG LLP as auditors of the company until further notice.

By order of the Board

B Gerrard  
Secretary



The School House  
50 Brook Green  
London  
W6 7RR  
15/9/2008

## **Statement of directors' responsibilities in respect of the Director's Report and the financial statements**

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that year

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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.



KPMG LLP  
8 Salisbury Square  
London  
EC4Y 8BB

## **Independent auditors' report to the members of Virgin Bride Limited**

We have audited the company's financial statements of Virgin Bride Limited for the year ended 31 March 2008, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Independent auditors' report to the members of Virgin Bride Limited (*continued*)**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of the company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*15 September* 2008

## Profit and loss account

for the year ended 31 March 2008

	Note	2008 £	2007 £
<b>Turnover</b>	1	432,274	546,212
Cost of sales		(254,053)	(276,042)
<b>Gross profit</b>		178,221	270,170
Administrative expenses		(613,364)	(439,034)
<b>Operating loss</b>		(435,143)	(168,864)
Interest payable and similar charges	4	(229,469)	(158,608)
<b>Loss on ordinary activities before taxation</b>	2	(664,612)	(327,472)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	12	(664,612)	(327,472)

The notes on pages 7 to 14 form part of these financial statements

The company has no recognised gains or losses other than the loss for the current year, consequently a statement of total recognised gains and losses has not been presented

The loss for the year arises solely from continuing operations

No note of historical cost profits and losses has been presented since reported losses do not differ from historical cost losses


## Balance sheet

at 31 March 2008

	Note	2008	2007
		£	£
<b>Fixed assets</b>			
Tangible assets	6	-	13,452
<b>Current assets</b>			
Stocks	7	27,788	56,811
Debtors	8	44,862	40,082
		<u>72,650</u>	<u>96,893</u>
<b>Creditors</b> amounts falling due within one year	9	(12,994,465)	(12,203,084)
<b>Net current liabilities</b>		<u>(12,921,815)</u>	<u>(12,106,191)</u>
<b>Provisions</b>	10	-	(164,464)
<b>Net liabilities</b>		<u>(12,921,815)</u>	<u>(12,257,203)</u>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account	12	(12,921,817)	(12,257,205)
<b>Equity shareholders' deficit</b>	13	<u>(12,921,815)</u>	<u>(12,257,203)</u>

The notes on pages 7 to 14 form part of these financial statements

The financial statements were approved by the sole Director on 15 September 2008 and signed on its behalf by

  
A S Lee  
Director



## Notes

*(forming part of 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

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

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

As the company is a wholly owned subsidiary of Barfair Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group

#### ***Going concern***

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

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the year of the lease

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic life as follows

Fixture and fittings	-	over 5 years
Office equipment	-	over 4-5 years

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value

#### *Taxation*

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Post retirement benefits*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against losses represents the contributions payable to those schemes in respect of the accounting year.

#### *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.

### 2 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging/ (crediting)

		Year ended 31 March 2008 £	Year ended 31 March 2007 £
Depreciation	- owned assets	13,453	24,097
Auditors' remuneration	- audit of these financial statements	7,000	6,000
Hire of other assets	- rentals payable under operating leases	53,708	53,708
		<u>74,161</u>	<u>83,805</u>

## Notes (continued)

### 3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, were as follows

	Number of employees	
	2008	2007
Selling and reservations	9	9
Administration	1	1
	<u>10</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Wages and salaries	112,845	138,833
Social security costs	10,517	11,618
	<u>123,362</u>	<u>150,451</u>

The directors were paid £nil (2007 £nil) for services to the company during the year. Of this amount, £nil (2007 £nil) was paid in pension contributions

### 4 Interest payable and similar charges

	2007 £	2007 £
On bank loans and overdrafts	<u>229,469</u>	<u>158,608</u>

## Notes (continued)

### 5 Taxation

No tax charge arises due to the losses incurred during the year (2007 £nil)

#### Analysis of charge in year

##### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2007 higher) than the standard rate of corporation tax in the UK (30%) (2007 30%) The differences are explained below

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(664,612)	(327,472)
Current tax credit at 30% (2007 30%)	(199,384)	(98,242)
<i>Effects of</i>		
Expenses not deductible for tax purposes	126,180	7,485
Depreciation in excess of capital allowances	4,036	7,229
Other timing differences	(19,861)	(1,459)
UK tax losses not utilised or not recognised	89,029	84,987
Total current tax charge	-	-

#### Factors that may affect future tax charges

Details of the company's total unprovided deferred tax assets at the year end (and prior year end) are shown below The company has no provided deferred tax assets or liabilities

	2008 Unprovided £	2007 Unprovided £
Excess of capital allowances over depreciation	(215,964)	(227,354)
Other timing differences	-	(19,861)
UK tax losses	(2,270,438)	(2,570,124)
	(2,486,402)	(2,817,339)

#### Deferred Tax

During the year, as a result of the change in UK Corporation Tax rates which will be effective from 1 April 2008, deferred tax balances have been re-measured Deferred tax relating to timing differences expected to reverse after 1 April 2008 is measured at the tax rate of 28% as this is the tax rates that will apply on reversal

**Notes (continued)**

**6 Tangible fixed assets**

	Office equipment	Fixtures and fittings	Total
	£	£	£
<b>Cost</b>			
At beginning of year	38,121	259,288	297,409
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	38,121	259,288	297,409
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	37,737	246,220	283,957
Charge for the year	384	13,068	13,452
	<hr/>	<hr/>	<hr/>
At end of year	38,121	259,288	297,409
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 2008	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2007	384	13,068	13,452
	<hr/>	<hr/>	<hr/>

**7 Stocks**

	2008 £	2007 £
Finished goods and goods for resale	27,788	56,811
	<hr/>	<hr/>

**Notes (continued)**

**8 Debtors**

	2008 £	2007 £
Other debtors	20,413	22,895
Amounts due from group undertakings	9,449	685
Prepayments and accrued income	15,000	16,502
	<u>44,862</u>	<u>40,082</u>

**9 Creditors: amounts falling due within one year**

	2008 £	2007 £
Bank overdraft (note 14)	2,444,669	2,494,616
Trade creditors	36,729	50,451
Amounts owed to group undertakings	10,445,030	9,513,149
Other creditors	44,253	119,128
Accruals and deferred income	23,784	25,740
	<u>12,994,465</u>	<u>12,203,084</u>

**10 Provisions**

	2008 £	2007 £
Onerous lease brought forward	164,464	144,270
(Utilised)/charged during year	(164,464)	20,194
	<u>-</u>	<u>164,464</u>

**11 Called up share capital**

	2008 £	2007 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2

**Notes (continued)**

**12 Profit and loss account**

	2008 £	2007 £
Loss for the financial year	(664,612)	(327,472)
Balance at beginning of year	(12,257,205)	(11,929,733)
	<hr/>	<hr/>
<b>Balance at close of year</b>	<b>(12,921,817)</b>	<b>(12,257,205)</b>
	<hr/>	<hr/>

**13 Reconciliation of movement in shareholders' deficit**

	2008 £	2007 £
Loss for the financial year	(664,612)	(327,472)
Balance at beginning of year	(12,257,203)	(11,929,731)
	<hr/>	<hr/>
<b>Balance at close of year</b>	<b>(12,921,815)</b>	<b>(12,257,203)</b>
	<hr/>	<hr/>

**14 Contingent liabilities**

As at 31 March 2008, the company was a party to the Barfair Limited bank facility with an unlimited guarantee and set-off agreement with its bankers. It was also a party to group overdraft facilities of £2.5 million gross, £nil net, repayable on demand.

**15 Outstanding annual commitments under non-cancellable operating leases**

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	-	-	1,186
In the second to fifth years inclusive	-	-	210,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	210,000	1,186
	<hr/>	<hr/>	<hr/>	<hr/>

**16 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £nil (2007: £nil).

## Notes (continued)

### 17 Related party disclosures

At 31 March 2008, 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 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 100% owned subsidiary of Barfair Limited, the Company has taken advantage of the exemption under FRS 8 Related Party Disclosures, which enables it to exclude disclosure of transactions with Barfair Limited and its subsidiaries.

At the year end, the Company had the following amounts outstanding with related parties (there were no transactions during the year):

#### Related undertakings

	31 March 2008	31 March 2007
Creditors	-	38,226

The related undertaking with whom the Company has an outstanding balance is Virgin Retail Limited.

### 18 Ultimate parent undertaking

As at 31 March 2008 the 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 Barfair Limited, a company incorporated in England and Wales. The consolidated accounts of Barfair Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.