

**Virgin Car Leasing Limited**

Director's report and financial statements

Registered number 3086856

31 March 2011

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## Director's report

The director presents his report and the financial statements for the year ended 31 March 2011

### Principal activities

The Company did not trade during the year

### 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.

Furthermore, as a non trading 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 director believes that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus he continues 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 £12,000 (2010 - loss £28,000)

The director does not recommend the payment of a dividend (2010 - £nil)

### Director

The director who served during the year was

B A R Gerrard

### 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 26 October 2011 and signed on its behalf



**C A Drake**  
Company Secretary

The School House  
50 Brook Green  
London  
W6 7RR

**Director's responsibilities statement**  
*for the year ended 31 March 2011*

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 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 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 members of Virgin Car Leasing Limited**

We have audited the financial statements of Virgin Car Leasing Limited for the year ended 31 March 2011, set out on pages 4 to 9. 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 Director's responsibilities statement 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](http://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 2011 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  
Statutory Auditor

15 Canada Square  
London  
E14 5GL

31 October 2011

**Profit and loss account**  
*for the year ended 31 March 2011*

	<i>Note</i>	<b>2011 £000</b>	<b>2010 £000</b>
Administrative expenses		-	(14)
<b>Operating profit/(loss)</b>	2	-	(14)
Interest receivable and similar income	4	4	4
Interest payable and similar charges	5	(15)	(18)
<b>Loss on ordinary activities before taxation</b>		(11)	(28)
Tax on loss on ordinary activities	6	(1)	-
<b>Loss for the financial year</b>	10	(12)	(28)

All amounts relate to continuing operations


There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 6 to 9 form part of these financial statements

**Balance sheet**  
*as at 31 March 2011*

	<i>Note</i>	<b>£000</b>	<b>2011 £000</b>	<b>£000</b>	<b>2010 £000</b>
<b>Current assets</b>					
Debtors	7	27		48	
<b>Creditors: amounts falling due within one year</b>	8	<b>(399)</b>		<b>(408)</b>	
<b>Net current liabilities</b>			<b>(372)</b>		<b>(360)</b>
<b>Net liabilities</b>			<b>(372)</b>		<b>(360)</b>
<b>Capital and reserves</b>					
Called up share capital	9		-		-
Profit and loss account	10		<b>(372)</b>		<b>(360)</b>
<b>Shareholder's deficit</b>	11		<b>(372)</b>		<b>(360)</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 October 2011

  
**B A R Gerrard**  
Director

The notes on pages 6 to 9 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, an intermediate 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

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, has prepared the financial statements on the going concern basis

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

As the Company is a wholly owned subsidiary of Virgin Wings, 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 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

#### 1.3 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 Operating profit/(loss)

The audit fee for the current and prior year has been borne by another group company

### 3 Director's remuneration

The directors did not receive any remuneration during the year for services to the Company (2010 £nil)

### 4 Interest receivable and similar income

	2011 £000	2010 £000
Other interest receivable	4	4
	<u>4</u>	<u>4</u>

### 5 Interest payable and similar charges

	2011 £000	2010 £000
On loans from group undertakings	13	14
Net foreign exchange loss	2	4
	<u>15</u>	<u>18</u>

### 6 Taxation

	2011 £000	2010 £000
UK corporation tax charge on loss for the year	1	-
	<u>1</u>	<u>-</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before tax	(11)	(28)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 -28%)	(3)	(8)
Effects of:		
Expenses not deductible for tax purposes	4	5
UK tax losses not utilised or not recognised	-	3
Current tax charge for the year	<u>1</u>	<u>-</u>

## Notes to the financial statements

### 6 Taxation (continued)

#### 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

On 23 March 2011, a resolution passed by Parliament reduced the main rate of corporation tax to 26 per cent from 1 April 2011, which is reflected within the deferred tax calculations within these financial statements

On 5 July 2011, legislation to further reduce the main rate of corporation tax from 26 per cent to 25 per cent from 1 April 2012 was substantially enacted, which has not been reflected in the above calculation

Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 23 per cent 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

	2011 Recognised £000	2011 Unrecognised £000	2010 Recognised £000	2010 Unrecognised £000
UK tax losses	-	4	-	4

### 7. Debtors

	2011 £000	2010 £000
Other debtors	27	48

### 8. Creditors: Amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	398	408
Corporation tax	1	-
	399	408

### 9. Share capital

	2011 £000	2010 £000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-

## Notes to the financial statements

### 10 Reserves

	<i>Profit and loss account £000</i>
At 1 April 2010	(360)
Loss for the year	(12)
At 31 March 2011	<u>(372)</u>

### 11. Reconciliation of movement in shareholders' deficit

	2011 £000	2010 £000
Opening shareholders' deficit	(360)	(332)
Loss for the year	(12)	(28)
Closing shareholders' deficit	<u>(372)</u>	<u>(360)</u>

### 12 Related party transactions

At 31 March 2011 the Company's ultimate parent undertaking 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 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.

### 13 Ultimate parent undertaking and controlling party

As at 31 March 2011 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's results are consolidated are those for Virgin Wings Limited and Virgin Holdings Limited, companies which are registered in England and Wales. Copies of the group accounts of Virgin Wings Limited and Virgin Holdings Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.