

Windguard Limited

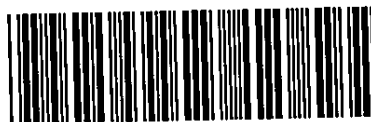
Directors' report and financial statements

for the year ended

31 March 2010

Registered number 3512960

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Directors' report

The directors present their report and financial statements for the year ended 31 March 2010

Principal activities and review of business

Until 5 May 2006, the company's principal activity was the retailing of books and related products. On 5 May 2006 the business and the majority of its assets were sold to a third party.

The company has met the requirements in the Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review on the grounds of its size.

Results and dividends

The profit for the financial year of £124,025 (2009 loss of £189,864) has been transferred to reserves.

The directors do not recommend the payment of dividend (2009 £nil).

Directors

The directors who held office during the year were as follows:

A Hindle (appointed 16 January 2009, resigned 28 October 2009)
K Rodie (appointed 28 October 2009, resigned 13 April 2010)
J Cohen (appointed 13 April 2010, resigned 24 November 2010)
B Gerrard (appointed 13 April 2010, resigned 24 November 2010)
M Mougín (appointed 24 November 2010)

The directors holding office during the year were employees of the company.


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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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.

By order of the board


B. Gerrard
Company Secretary

The School House
50 Brook Green, London
W6 7RR

15/12/2010

Statement of directors' responsibilities in respect of the Directors' 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 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 group and the parent 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 auditors' report to the members of Windguard Limited

We have audited the financial statements of Windguard Limited for the year ended 31 March 2010 set out on pages 4 to 9. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out 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 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 web-site at www.frc.org.uk/apb/scope/UKNP.

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 2010 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.

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)

15 December 2010

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

Profit and loss account

for the year ended 31 March 2010

	<i>Note</i>	2010 £	2009 £
Other operating income	2	-	9,079
Administrative expenses		124,025	(219,210)
Operating profit/(loss)		124,025	(210,131)
Interest receivable and similar income	2	-	28,148
Profit/(loss) on ordinary activities before taxation	2	124,025	(181,983)
Tax on profit/(loss) on ordinary activities	5	-	(7,881)
Profit/(loss) for the financial year	9	124,025	(189,864)

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

The company had no recognised gains or losses other than the profit for the financial year stated above, which was derived from continuing operations

Balance sheet

at 31 March 2010

	Note	2010 £	£	2009 £	£
Current assets					
Debtors	6	20,972		-	
Cash at bank and in hand		483,182		483,182	
		<u>504,154</u>		<u>483,182</u>	
Creditors: amounts falling due within one year	7	(364,630)		(467,683)	
Net current assets			<u>139,524</u>		<u>15,499</u>
Total assets less current liabilities			<u>139,524</u>		<u>15,499</u>
Net assets			<u>139,524</u>		<u>15,499</u>
Capital and reserves					
Called up share capital	8	275,719		275,719	
Profit and loss account	9	(136,195)		(260,220)	
Shareholders' funds	10		<u>139,524</u>		<u>15,499</u>

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

These financial statements were approved by the board of directors on behalf by

15/12/2010 and were signed on its


M Mouglin
Director

Company number 3512960

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.

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 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 14).

Under FRS 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 (see note 14).

Taxation

The charge for taxation is based on the result 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.

Notes (continued)

2 Profit/(loss) on ordinary activities before taxation

	2010 £	2009 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors remuneration	19,487	8,800
Other operating income	-	(9,079)
Interest receivable	-	(28,148)
Amounts provided against intercompany balances	(182,604)	90,467
	<u> </u>	<u> </u>

Auditors remuneration

No amounts were paid to the Company's auditor in respect of services to the company, other than the audit of the Company's financial statements

The £19,487 charged to the company this year represents not only this year's audit fee of £11,385 but also amounts recharged to the company in respect of previous years audits (2008 and 2009 specifically)

3 Remuneration of directors

The emoluments paid directly to the directors of the company were £nil, (2009 £nil) The total emoluments paid to the directors of Windguard Limited by Network Distributing Limited are disclosed in that company's accounts

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (excluding directors) is nil (2009 nil)

5 Taxation

	2010 £	2009 £
<i>Analysis of tax (credit)/charge in the year</i>		
<i>UK corporation tax</i>		
Current tax on loss for the year	-	7,881
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	7,881
	<hr/>	<hr/>

Factors affecting the tax(credit)/ charge for the current year

The current tax charge/(credit) for the year is lower (2009 higher) than the standard rate of corporation tax in the UK 28% (2009 28%). The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	124,025	(181,983)
	<hr/>	<hr/>
Current tax at 28% (2009 28 %)	34,727	(50,955)
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	16,402	182,251
Income not taxable	(51,129)	(39,550)
Utilisation of tax losses b/fwd	-	(83,865)
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax (credit)/charge	-	7,881
	<hr/>	<hr/>

Factors that may affect future tax charges

The company has no recognised deferred tax assets or liabilities (2009 nil)

6 Debtors

	2010 £	2009 £
<i>Amounts recoverable within one year</i>		
Amounts due from group undertakings	20,972	-
	<hr/>	<hr/>
	20,972	-
	<hr/>	<hr/>

Notes (continued)

7 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	-	252
Amounts owed to group undertakings	35,774	138,575
Corporation tax creditor	328,856	328,856
	<u>364,630</u>	<u>467,683</u>

8 Called up share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
275,719 ordinary shares of £1 each	275,719	275,719
	<u>275,719</u>	<u>275,719</u>

9 Profit and loss account

	2010 £
Balance at beginning of year	(260,220)
Profit for the financial year	124,025
	<u>(136,195)</u>
Balance at end of year	<u>(136,195)</u>

Notes (continued)

10 Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Balance at beginning of year	15,499	205,363
Profit/(loss) for the financial year	124,025	(189,864)
Balance at end of year	139,524	15,499

11 Operating lease commitments

At 31 March 2010 the company had no annual commitments under non-cancellable operating leases

12 Contingent liabilities

The company is party to the Network Distributing Group sterling and currency overdraft facility of up to £6,000,000 gross £3,000,000 net repayable on demand but subject to periodic review on the usual banking terms and to any intervening governmental restrictions or measures

The company has given a guarantee to the bank for the indebtedness of its parent undertaking Network Distributing Limited and its fellow subsidiary undertakings. The liability of these companies was £2,539,785 (2009 £3,252,785)

13 Related party transactions

At 31 March 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 RCN 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 FRS 8.

There were no related party transactions during the year that require disclosure.

14 Parent undertaking of larger group of which company is a member

The immediate parent company of Windguard Limited is XS Home Entertainment Limited, a company registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is those for Virgin Wings Limited and Network Distributing Limited respectively, companies which are registered in England and Wales. Copies of the group accounts for Virgin Wings Limited and Network Distributing Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.