Registration number: 3552508

Barfair Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

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Barfair Limited

Contents

Barfair Limited

Strategic Report for the Year Ended 31 December 2019

Business review

The principal activity of the Company is that of an investment holding company.

The profit for the year, after taxation, amounted to £420,528,000 (2018: profit of £5,646,000) which arose from transfers of assets to other Virgin Group companies under a project to simplify the Virgin Group structure. Further detail is provided in note 9 to the Financial Statements.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks that impact the recoverable value of the Company's investments.

From the perspective of the Company, the principal risks and uncertainties are managed with the principal risks of the group comprising Virgin UK Holdings Limited and its wholly-owned subsidiaries (the "Group") under the supervision of the Directors. Further discussion of these risks and uncertainties, in the context of the Group as a whole is provided on pages 4-8 of the Group's annual report for the year ended 31 December 2019, which does not form part of this report.

Impact of Covid-19

The Covid-19 outbreak developed rapidly in 2020. The measures taken by Governments around the world to contain the virus have had a significant impact on business activity.

The Company does not hold any investments and therefore has not suffered any material impact from the actions taken by the Government in response to Covid-19.

Going concern

As set out in note 1.2 to the Financial Statements, 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.

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis of KPIs is not necessary for an understanding of the development, performance or position of the business.

Barfair Limited

Strategic Report for the Year Ended 31 December 2019

This report was approved by the Board on 25 August 2020 and signed on its behalf.

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A Stirling
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Barfair Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the financial statements year ended 31 December 2019.

Political and charitable contributions

Donations to UK charities amounted to £nil (2018: £1,782,000 of which £1,782,000 was made to Virgin Unite, a charity affiliated to the Group).

In 2019, donations to Virgin Unite were made by Virgin Enterprises Limited.

Directors' of the company

The directors, who served during the year, were as follows:

I P Woods

R P Blok

A Stirling

Dividends

During the year, the Company paid a dividend in specie of £1,515,790,000 (2018: £nil).

Disclosure of information to the auditors

Each of the persons who are directors at the time when the Directors' Report is approved has confirmed that:

• so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
• the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information 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 August 2020 and signed on its behalf.

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A Stirling
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Barfair Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, 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), including FRS 101 Reduced Disclosure Framework.

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 for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Barfair Limited

Independent Auditor's Report to the Members of Barfair Limited

Opinion
We have audited the financial statements of Barfair Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Barfair Limited

Independent Auditor's Report to the Members of Barfair Limited

Strategic report and directors' report
The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion, the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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.

Independent Auditor's Report to the Members of Barfair Limited

Saira Ahmad-Yaneza (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
London
E14 5GL

25 August 2020

Barfair Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Administrative expenses		(8)	(1,782)
Dividend income	9	420,008	-
Operating profit/(loss)		**420,000**	**(1,782)**
Interest payable and similar expenses		(674)	(3,864)
Profit/(loss) before tax		**419,326**	**(5,646)**
Tax on profit	4	1,202	-
Profit for the year		420,528	(5,646)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		420,528	(5,646)

The notes on pages 11 to 18 form part of these financial statements.

Barfair Limited

(Registration number: 3552508)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Non-current assets			
Investments	9	-	1,333,629
Current assets			
Debtors: amounts falling due within one year	6	1,202	3,360
Creditors: amounts falling due within one year	7	-	(240,525)
Net current assets		1,202	(237,165)
Net assets		1,202	1,096,464
Capital and reserves			
Called up share capital	8	-	250,000
Share premium account		-	208,501
Profit and loss account		1,202	637,963
Shareholders' funds		1,202	1,096,464

The financial statements were approved and authorised by the board and were signed on its behalf on 25 August 2020.

A Stirling
Director

The notes on pages 11 to 18 form part of these financial statements.

Barfair Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	250,000	208,501	637,963	1,096,464
Comprehensive loss for the year				
Profit for the year	-	-	420,528	420,528
Total comprehensive loss for the year	-	-	420,528	420,528
Share capital reduction	(250,000)	(208,501)	458,501	-
Dividends in specie	-	-	(1,515,790)	(1,515,790)
At 31 December 2019	-	-	1,202	1,202

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	250,000	208,501	643,609	1,102,110
Comprehensive loss for year				
Loss for the year	-	-	(5,646)	(5,646)
Total comprehensive loss for the year	-	-	(5,646)	(5,646)
At 31 December 2018	250,000	208,501	637,963	1,096,464

The notes on pages 11 to 18 form part of these financial statements

Barfair Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Accounting policies

1.1 Basis of preparation
Barfair Limited (the "Company") is a company incorporated and domiciled in the UK. The registered office address is The Battleship Building, 179 Harrow Road, London, W2 6NB.

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.

The Company's intermediate parent, Virgin UK Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin UK Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the address in note 10.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 statement of cash flows and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- the requirements of IAS 24 related party disclosures in respect of wholly owned subsidiaries;
- disclosures in respect of the compensation of Key Management Personnel;
- the requirements of IFRS 7 financial instruments disclosures; and
- the effects of new but not yet effective IFRSs.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.13.

1.2 Going concern

The Company is in a net asset position. In 2019 as part of a Group Simplification exercise, the Company's direct subsidiaries Virgin Group Limited and V Secretarial Services Limited were transferred to Virgin Holdings Limited. The Company's other direct subsidiary, Virgin Drinks Group Limited, was liquidated. Following the transactions, the company no longer holds any investments or intercompany balances payable. Following the settlement of the intercompany receivable balance in 2020, the Company is not expected to have any other transactions and it is the Directors intention to make the company dormant.

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.

1.3 Adoption of new revised standards

IFRS 16 'Leases' is mandatory for the current accounting period. This standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. As the company is not party to any leases, the adoption of IFRS 16 has had no impact on the financial statements. There were no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 which have had any impact on the company.

1.4 Foreign currency

The Company's functional currency is GBP.

Transactions in foreign currencies are translated into the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Valuation of investments

Investment in subsidiaries are measured at cost less accumulated impairment.

1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument. In accordance with IFRS 9, financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Company determines the classification at initial recognition and re-evaluates this designation at each reporting date except for those financial instruments measured at fair value through profit or loss.

Non-derivative financial assets
Non-derivative financial assets are deemed to be assets which have no fixed or determinable payments that are not quoted in an active market and would therefore be classified as 'loans and receivables'. Such non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment and include trade and other receivables. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of non-derivative financial assets
The Company assesses at each balance sheet date whether a non-derivative financial asset is impaired. The expected credit loss approach is taken when calculating impairments on financial assets. All financial assets are reviewed for historic write-offs and this proportion is applied to its class of financial assets to calculated the required provision.

Derecognition of non-derivative financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Non-derivative financial liabilities
Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost and include loans and borrowings and trade and other payables.

Derecognition of non-derivative financial liabilities
The Company derecognises a financial liability only when the Company's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts are recognised in profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.12 Dividend income

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

1.13 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the Company's financial statements.

2 Subsequent events

The Covid-19 outbreak developed rapidly in 2020. The measures taken by Governments around the world to contain the virus have had a significant impact on business activity.

The Company does not hold any investments and therefore has not suffered any material impact from the actions taken by the Government in response to Covid-19.

3 Auditors' remuneration

Audit fees of £4,300 (2018: £4,000) for the prior year have been borne by another group company. There were no non-audit services provided.

4 Taxation

	2019 £ 000	2018 £ 000
Corporation tax		
Group Relief Payable/(receivable)	(468)	-
Adjustments in respect of prior periods	(734)	-
Total current tax	(1,202)	-

Factors affecting tax charge for the year

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2019 £ 000	2018 £ 000
Profit/(loss) on ordinary activities before tax	419,326	(5,646)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	79,672	(1,073)
Non-deductible expenses	-	734
Non-taxable income	(79,801)	-
Adjustments in respect of prior periods	(734)	-
Other timing differences	(339)	339
Total tax credit	(1,202)	-

The standard rate of corporation tax in the UK is 19%, which came into effect from 1 April 2017. Accordingly, the Company's profit for the year is taxed at 19%.

The Company has not recognised deferred tax assets in respect other deductible temporary differences of £nil (2018: £1,782,161)

5 Directors' remuneration

The directors did not receive any remuneration during the period for services to the Company (2018: £nil).

The Company has no employees.

6 Debtors: amounts falling due within one year

	31 December 2019 £ 000	31 December 2018 £ 000
Amounts owed by group related undertakings	1,202	3,360
	1,202	3,360

7 Creditors: amounts falling due within one year

	31 December 2019 £ 000	31 December 2018 £ 000
Accrued expenses	-	1,782
Amounts due to group related undertakings	-	238,741
Other creditors	-	2
	-	240,525

8 Share capital

	2019 £ 000	2018 £ 000
Allotted, called up and fully paid		
1 ordinary share of £1 each (2018: 250,000,002 ordinary shares of £1 each)	-	250,000

On 8 February 2019, the Company carried out a capital reduction whereby the ordinary share capital of the Company was reduced to £1 and the entire share premium account was cancelled.

9 Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	1,333,629
Return of capital	(1,333,629)
	-
	-
Net book value	
At 31 December 2019	-
At 31 December 2018	1,333,629

Group Simplification

The Virgin Group is undertaking a project to simplify its Group structure. On 8 February 2019, 5 intermediary holding companies were removed from the UK Group and the investments in the Virgin Group's main trading entities were transferred to Virgin Holdings Limited.

Barfair Limited was one of the Companies removed from the holding structure. This resulted in the following transactions in 2019.

Return of Capital
On 8 February 2019, the Company's indirect subsidiary Virgin Models Limited transferred its investments to Virgin Holdings Limited. The consideration of £1,753,638,000 was left outstanding and Virgin Models Limited distributed the receivable as a dividend in specie to the Company's subsidiary Virgin Group Limited. Virgin Group Limited subsequently distributed the receivable as a dividend in specie to Barfair Limited.

The Company recognised the receivable and recorded £1,333,629,000 as a return of capital against the investment in Virgin Models Limited and recognised the remainder as dividend income of £420,008,000.

Dividend in specie
The receivable due from Virgin Holdings Limited was offset against intercompany balances due and the net balance of £1,515,790,000 was distributed to the Company's parent undertaking, Bluebottle UK Limited.

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	**Registered office**	**Holding**	**Proportion of ownership interest and voting rights held**
The Virgin Drinks Group Limited* (dissolved on 11 June 2020)	9th Floor, 25 Farringdon Street, London, EC4A 4AB, United Kingdom England & Wales	Ordinary redeemable preference Ordinary	100%

10 Controlling party

At 31 December 2019, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest groups into which the Company's results are consolidated are those of Virgin UK Holdings Limited and Virgin Holdings Limited repectively, both companies are registered in England and Wales. The consolidated financial statements of these groups can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

11 Related party transactions

At 31 December 2019, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose sole shareholder is Sir Richard Branson. The shareholder of Virgin Group Holdings Limited has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under International Accounting Standard 24: Related Party Disclosures.

As a 100% owned subsidiary of Virgin Group Holdings Limited, the Company has taken advantage of the exemption under FRS 101: Reduced Disclosure Framework, which enables it to exclude disclosure with Virgin Group Holdings Limited and its wholly owned subsidiaries.