

VAL Trademark Two Limited

Directors' report and financial statements

29 February 2012

Registered number 5150721

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VAL Trademark Two Limited

Directors' report and financial statements
29 February 2012

Directors' report and financial statements

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VAL Trademark Two Limited

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29 February 2012

Directors' report

Registered Number. 5150721

The directors present their annual report and the audited financial statements of VAL Trademark Two Limited ("the Company") for the year ended 29 February 2012

Principal activity

The principal activities of the Company during the year was that of managing trademark licensing agreements and as a holding company

Directors

The directors who served during the year and up to the date of this report were as follows

Stephen Ridgway	(resigned 1 April 2012)
Julie Southern	(resigned 1 April 2012)
David Baxby	(appointed 1 April 2012)
Keith Roberts	(appointed 1 April 2012)
Ng Chin Hwee	(appointed 1 April 2012)
Paul Tan Wah Liang	(appointed 1 April 2012)

Review of business and results

The Company is a small company as defined by the Companies Act 2006 and as such is exempt from presenting an enhanced business review. The results for the year are set out on page 4 of the financial statements

The profit before taxation amounted to £4,000,000 during the year (2011 £nil)

Dividends

Dividends of £4,000,000 (£400,000 per share) were declared and paid on 9 March 2011 (2011 £ nil)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

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 auditor is unaware and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

On behalf of the Board



Paul Tan Wah Liang
Director

Company Secretariat
The Office
Manor Royal
Crawley
West Sussex
RH10 9NU

28 November 2012

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Statement of directors' responsibilities

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 Company 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 their profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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, and
- 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 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 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



KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of VAL Trademark Two Limited

We have audited the financial statements of VAL Trademark Two Limited for the year ended 29 February 2012 set out on pages 4 to 10. 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 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

As explained more fully in the Statement of directors' responsibilities 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, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 29 February 2012 and of the Company's 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 by the Company, 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.

Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

2012

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Profit and loss account

for the year ended 29 February 2012

		2012 £	2011 £
Income from shares in group undertakings	<i>Note</i>	4,000,000	-
Profit on ordinary activities before taxation		4,000,000	-
Tax on profit on ordinary activities	5	-	-
Retained profit for the financial year	10	4,000,000	-

There are no recognised gains or losses other than the profit for the year. The profit in the year arose from continuing operations.

The notes on pages 6 to 10 form part of these financial statements.

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Balance sheet at 29 February 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	6	1	1
Current assets			
Debtors due within one year	7	1	1
Creditors, amounts falling due within one year	8	(1)	(1)
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	-	-
Total shareholders' fund	11	<u>1</u>	<u>1</u>

These financial statements were approved by the Board of Directors on 28 November 2012 and were signed on its behalf by



Paul Tan Wah Liang
Director

The notes on pages 6 to 10 form part of these financial statements

VAL Trademark Two Limited

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Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with matters which are considered material in relation to the Company's financial statements for the year under review

(a) *Basis of preparation*

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

The Virgin Atlantic Trademark Two Limited board of directors having regard for the principle risks and uncertainties which could impact the business consider that the preparation of the financial statements on a going concern basis remains appropriate

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Virgin Atlantic Limited and the Company's cash flows are included within the consolidated cash flow statement of that company

Under Section 400 of the Companies Act 2006, the Company is exempt from the requirement to prepare and deliver consolidated accounts on the grounds that it is a wholly owned subsidiary of Virgin Atlantic Limited, a company registered in England and Wales (see note 14). Accordingly, these accounts present information about the Company as an individual undertaking and not about its group

(b) *Turnover*

Turnover arises from royalties received under trademark licensing. Turnover is not recognised if recoverability is deemed to be uncertain

(c) *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. Profits or losses arising on translation are dealt with through the profit and loss account

(b) *Taxation*

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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Notes (continued)

2 Analysis of turnover and profit on ordinary activities before taxation

The profit on ordinary activities before taxation is attributable to the Company's principal activity and arose wholly within the United Kingdom

3 Staff numbers and costs

The Company had no employees during the year (2011 nil)

4 Emoluments of the directors

The directors received no emoluments for the year (2011 £nil)

5 Tax on profit on ordinary activities

The standard rate of UK corporation tax for the year is 26% (2011 28%) The actual current tax charge for the year differs from that computed by applying the standard tax rate to the profit on ordinary activities before tax as reconciled below

	2012 £	2011 £
Profit on ordinary activities before taxation	4,000,000	-
Factors affecting the charge for the year		
Tax at the standard rate 26% (2011 28%)	1,040,000	-
Income not taxable	(1,040,000)	-
Total current tax charge	-	-

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011. A further 1% reduction to 24% (a revised rate effective from 1 April 2012) was substantively enacted on 26 March 2012. This will reduce the Company's future current tax charge accordingly.

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost and Net book value	
As at 29 February 2012 and 28 February 2011	1

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Notes (continued)

7 Debtors amounts falling due within one year

	2012 £	2011 £
Amounts owed by parent undertaking	1	1
	<u>1</u>	<u>1</u>

8 Creditors amounts falling due within one year

	2012 £	2011 £
Amounts owed to subsidiary undertakings	1	1
	<u>1</u>	<u>1</u>

9 Share capital

	2012 £	2011 £
Authorised		
10 ordinary shares of £0.10 each	1	1
	<u>1</u>	<u>1</u>
Issued and called up.		
10 ordinary shares of £0.10 each	1	1
	<u>1</u>	<u>1</u>

10 Reconciliation of movements in reserves

	Profit and loss £
Balance at 1 March 2011	-
Retained profit for the year	4,000,000
Dividends declared and paid	(4,000,000)
Balance at 29 February 2012	<u>-</u>

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Notes (continued)

11 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Retained profit for the financial year	4,000,000	-
Dividend declared and paid	(4,000,000)	-
Net increase in shareholders' funds	-	-
Opening shareholders' funds	1	1
Closing shareholders' funds	1	1

12 Subsidiary undertakings

The subsidiary of the Company as at 29 February 2012 was

Subsidiary	Country of Incorporation of registration	% Ordinary issued shares	Principle activity
VAL Trademark Three Limited	England and Wales	100	Licensing agreements

The proportion of voting rights held by the Group in its subsidiary is the same proportion of ordinary shares held

13 Related party transactions

At 29 February 2012, the Company's ultimate parent company 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 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.

The Company, being a wholly owned subsidiary undertaking of Virgin Atlantic Limited, has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with entities which form part of the group or investees of the group qualifying as related parties. These transactions have been disclosed in the consolidated financial statements of Virgin Atlantic Limited, which are publicly available (see note 14).

There are no other material transactions or balances with related entities which are required to be disclosed under Financial Reporting Standard 8.

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Notes *(continued)*

14 Ultimate holding company

At 29 February 2012, the directors consider the ultimate holding company to be Virgin Group Holdings Limited, a company registered in the British Virgin Islands

As at 29 February 2012, the largest group in which the results of the Company are consolidated is that headed by Virgin Wings Limited, a company registered in England and Wales. The smallest group in which the results of the Company are consolidated is that headed by Virgin Atlantic Limited, a company registered in England and Wales.

Copies of the consolidated financial statements for both Virgin Wings Limited and Virgin Atlantic Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.