

Virgin Limobike Limited

**Directors' Report and Financial
Statements**

Registered Number 2733491

31 March 2008

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Directors' Report

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

Principal activities

The principal activity of the Company is the provision of limousine motorcycle services.

Business review

The results for the year are set out on page 4 of the financial statements and the loss for the year of £70,585 (2007: loss of £64,951) which has been transferred to reserves.

Proposed dividend

The directors do not recommend the payment of a dividend (2007: £nil).

Directors

The directors of the Company during the year were as follows:

C B Mort
J E M Phillips
G D McCallum (alternate to J E M Phillips)
J P Moorhead
W E Whitehorn (resigned 1 October 2007)

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 reappointing auditors annually.

The 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 A R Gerrard
Company Secretary

The School House
50 Brook Green
London
W6 7RR
9th January 2009

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 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 of the Company 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 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 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.

Independent Auditors' Report to the Members of Virgin Limobike Limited

We have audited the financial statements of Virgin Limobike Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, 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 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.

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 *Amc LV*
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

16 January 2009

Profit and Loss Account
for the year ended 31 March 2008

	<i>Note</i>	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Turnover		362,775	390,418
Cost of sales		(351,072)	(376,196)
Gross profit		11,703	14,222
Administrative expenses		(71,482)	(59,954)
Operating loss		(59,779)	(45,732)
Loss on disposal of fixed assets		(439)	-
Interest receivable and similar income	5	2,322	1,300
Interest payable and similar charges	6	(28,510)	(20,519)
Loss on ordinary activities before taxation	2	(86,406)	(64,951)
Taxation	7	15,821	-
Loss for the year		(70,585)	(64,951)

There were no recognised gains or losses in the current or preceding years other than those shown above, which were derived from continuing operations, consequently a statement of total recognised gains and losses has not been presented.


The notes on pages 6 to 12 form part of these financial statements.

Balance Sheet
at 31 March 2008

	<i>Note</i>	2008 £	2007 £
Fixed assets			
Tangible assets	8	538	658
Current assets			
Debtors	9	302,335	315,905
Cash at bank and in hand		25,193	42,890
Total current assets		327,528	358,795
Creditors: amounts falling due within one year	10	(520,515)	(481,317)
Net current liabilities		(192,987)	(122,522)
Net liabilities		(192,449)	(121,864)
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	(192,451)	(121,866)
Shareholders' deficit	13	(192,449)	(121,864)

The notes on pages 6 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 9th January 2009 and were signed on its behalf by:


G D McCallum
Director

Notes

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

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

The financial statements have been prepared on a going concern basis in view of the fact that the 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 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.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

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 residual economic lives as follows:

Office equipment - 25% per annum

Post-retirement benefits

The Company is a member of a defined contribution pension scheme, operated by Virgin Management Limited, a related undertaking. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

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 Financial Reporting Standard 19.

A net 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 differences can be deducted.

Turnover

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

Notes (continued)

2 Loss on ordinary activities before taxation

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit of these financial statements	4,687	3,963
Depreciation on tangible fixed assets owned	255	220
	<u> </u>	<u> </u>

3 Remuneration of directors

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Director's emoluments	50,640	47,014
Company contributions to money purchase pension schemes	1,873	1,854
	<u> </u>	<u> </u>
	52,513	48,868
	<u> </u>	<u> </u>

4 Staff costs

The average number of persons employed by the company, analysed by category, was as follows:

	Number of employees	
	Year ended 31 March 2008	Year ended 31 March 2007
Administration and management	1	1
Operations	6	6
	<u> </u>	<u> </u>
	7	7
	<u> </u>	<u> </u>

Notes (continued)

4 Staff costs (continued)

The aggregate payroll costs were as follows:

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Wages and salaries	249,582	250,440
Social security costs	27,817	28,065
Other pension costs	3,922	3,812
	<u>281,321</u>	<u>282,317</u>

5 Interest receivable and similar income

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Bank interest	<u>2,322</u>	<u>1,300</u>

6 Interest payable and similar charges

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
On group loans	<u>28,510</u>	<u>20,519</u>

Notes (continued)

7 Taxation

Analysis of credit in year

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
UK group relief	(12,626)	-
UK adjustments in respect of prior periods	(3,195)	-
Total current tax	(15,821)	-

Factors affecting the tax credit for the current year

The current tax credit for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below.

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(86,406)	(64,951)
Current tax at 30% (2007: 30%)	(25,922)	(19,485)
<i>Effects of:</i>		
UK tax losses not utilised or not recognised	4,133	12,776
Depreciation in excess of capital allowances	29	66
Expenses not deductible for tax purposes	9,134	6,643
Adjustments in respect of prior periods	(3,195)	-
Total current tax credit (see above)	(15,821)	-

Details of the Company's total provided and unprovided deferred tax at the year end (and prior year end) are shown in the table 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 likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

	2008 Provided £	2008 Unprovided £	2007 Provided £	2007 Unprovided £
<i>The deferred tax figures comprise:</i>				
Excess of depreciation over capital allowances	-	349	-	525
UK tax losses	-	133,512	-	141,931
	-	133,861	-	142,456

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 remeasured. 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 rate that will apply on reversal.

Notes (continued)

8 Tangible fixed assets

	Office equipment £
Cost	
At beginning of year	3,791
Additions	574
Disposals	(1,926)
At end of year	<u>2,439</u>
Accumulated depreciation	
At beginning of year	3,133
Charge for year	255
Disposals	(1,487)
At end of year	<u>1,901</u>
Net book value	
At 31 March 2008	<u>538</u>
At 31 March 2007	<u>658</u>

9 Debtors

	2008 £	2007 £
Trade debtors	50,847	64,749
Amounts owed by related undertakings	229,374	234,031
Prepayments and accrued income	5,493	17,025
Group relief receivable	15,821	-
Other debtors	800	100
	<u>302,335</u>	<u>315,905</u>

10 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	4,407	22,218
Amounts owed to related undertakings	479,574	427,538
Other taxes and social security	18,429	8,002
Accruals and deferred income	18,105	23,559
	<u>520,515</u>	<u>481,317</u>

Notes (continued)

11 Called up share capital

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

12 Reserves

	Profit and loss account £
At beginning of year	(121,866)
Loss for the year	(70,585)
	<hr/>
At end of year	(192,451)
	<hr/>

13 Reconciliation of equity shareholders' deficit

	2008 £	2007 £
Opening shareholders' funds	(121,864)	(56,913)
Loss for the financial year	(70,585)	(64,951)
	<hr/>	<hr/>
Closing shareholders' deficit	(192,449)	(121,864)
	<hr/>	<hr/>

14 Pension scheme

The company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £3,922 (2007: £3,812).

15 Contingent liabilities

The Company is party to a group overdraft facility of £210 million (2007: £200 million), all of which is repayable on demand.

Notes (continued)

16 Related party disclosures

At 31 March 2008 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.

	Related undertakings	
	2008	2007
	£	£
Debtors	229,374	234,031
Creditors	479,574	427,538
Sales	42,347	65,487
Purchases	32,204	27,588
Interest payable	28,510	20,519

The related undertakings with which the Company transacted during the year were Barfair Limited, Virgin Atlantic Limited, Virgin.com Limited, Virgin Enterprises Limited, Virgin Galactic Limited, Virgin Investments SA, Virgin Management Limited, Virgin Mobile Canada, Virgin Mobile USA Holdings Limited, Voyager Group Limited and West Coast Trains Limited.

17 Ultimate parent company

The ultimate parent undertaking at 31 March 2008 was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.