

Virgin Insight Limited

Directors' report and financial statements

Registered number 2756659

31 March 2013

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Directors' report

The directors present their report and the financial statements for the year ended 31 March 2013

Principal activities

The principal activity of the Company is to deliver analytics, strategy and marketing consultancy services to Virgin clients in order to identify business opportunities and help them better understand their customers

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 directors have no reason to believe that the parent company will not be in a position to provide this support. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The loss for the year amounted to £863,000 (2012 - loss £432,000)

The directors do not recommend the payment of a dividend (2012 - £nil)

Directors

The directors who served during the year were

N A R Fox (appointed 25 June 2013)
M W Kelly (resigned 31 December 2012)
I B Rowden (resigned 1 May 2013)
C R Stent (resigned 25 June 2013)
J R R Tipple (appointed 2 May 2013)

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' 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 15 November 2013 and signed on its behalf



B A R Gerrard
Company Secretary
The Battleship Building
179 Harrow Road
London
W2 6NB

Directors' responsibilities statement
for the year ended 31 March 2013

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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,
- 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 the financial statements comply with the Companies Act 2006. They are 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 Insight Limited

We have audited the financial statements of Virgin Insight Limited for the year ended 31 March 2013, set out on pages 4 to 11. 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 directors and auditor

As explained more fully in the Statement of directors' responsibilities 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 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.



Sarah Styant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

15 November 2013

Profit and loss account
for the year ended 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	1	1,122	1,337
Cost of sales		<u>(1,426)</u>	<u>(1,130)</u>
Gross (loss)/profit		(304)	207
Administrative expenses		<u>(530)</u>	<u>(830)</u>
Operating loss		(834)	(623)
Interest payable and similar charges	4	<u>(29)</u>	<u>(13)</u>
Loss on ordinary activities before taxation		(863)	(636)
Tax on loss on ordinary activities	5	<u>-</u>	<u>204</u>
Loss for the financial year		<u>(863)</u>	<u>(432)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 6 to 11 form part of these financial statements

Balance sheet
as at 31 March 2013

	<i>Note</i>	£000	2013 £000	2012 £000
Fixed assets				
Tangible assets	6		1	5
Current assets				
Debtors	7	518		273
Cash at bank		146		132
		<u>664</u>		<u>405</u>
Creditors: amounts falling due within one year	8	<u>(2,958)</u>		<u>(1,840)</u>
Net current liabilities			<u>(2,294)</u>	<u>(1,435)</u>
Net liabilities			<u>(2,293)</u>	<u>(1,430)</u>
Capital and reserves				
Called up share capital	9		-	-
Profit and loss account	10		<u>(2,293)</u>	<u>(1,430)</u>
Shareholders' deficit	11		<u>(2,293)</u>	<u>(1,430)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2013



N A R Fox
Director

The notes on pages 6 to 11 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

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 Group Holdings Limited, 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

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

1.2 Turnover

Turnover comprises revenue recognised by the Company in respect of marketing consultancy services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is invoiced quarterly or annually in line with the Service Agreements, and is recognised on a straight line basis over the service period of the agreements

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	20% per annum
Computer equipment	-	25% per annum

1.4 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

1.5 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year

Notes to the financial statements

2. Loss on ordinary activities before taxation

	2013 £000	2012 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	6	6

3. Staff costs

Staff costs were as follows

	2013 £000	2012 £000
Wages and salaries (including redundancy payments)	1,076	836
Social security costs	117	83
Other pension costs	111	81
	<u>1,304</u>	<u>1,000</u>

Staff costs include £215,000 in redundancy payments

The average monthly number of employees during the year was as follows

	2013 No.	2012 No.
Administration and management	<u>12</u>	<u>12</u>

4. Interest payable

	2013 £000	2012 £000
On loans from group undertakings	<u>29</u>	<u>13</u>

5. Taxation

	2013 £000	2012 £000
Analysis of tax charge/(credit) in the year		
UK corporation tax charge on loss for the year	-	-
Adjustments in respect of prior periods	-	(204)
Tax on loss on ordinary activities	<u>-</u>	<u>(204)</u>

Notes to the financial statements

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%). The differences are explained below

	2013 £000	2012 £000
Loss on ordinary activities before tax	(863)	(636)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	(207)	(165)
Effects of:		
Expenses not deductible for tax purposes	17	5
Capital allowances for year in excess of depreciation	5	1
Adjustments to tax charge in respect of prior periods	-	(204)
Other timing differences	(22)	11
UK tax losses not utilised or not recognised	207	148
Current tax charge/(credit) for the year (see note above)	-	(204)

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

A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. A rate of 23% has been used within the deferred tax calculations within these financial statements

Further reductions to the main rate are proposed to reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015. Neither of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

	2013 Recognised £000	2013 Unrecognised £000	2012 Recognised £000	2012 Unrecognised £000
Other timing differences	-	(17)	-	(10)
UK tax losses	-	(357)	-	(199)
Excess of capital allowances over depreciation	-	(6)	-	(2)
Total	-	(380)	-	(211)

Notes to the financial statements

6. Tangible fixed assets

	<i>Leasehold Improvements</i> £000	<i>Computer equipment</i> £000	<i>Total</i> £000
Cost			
At 1 April 2012	6	-	6
Additions	-	1	1
Disposals	(6)	-	(6)
At 31 March 2013	-	1	1
Depreciation			
At 1 April 2012	1	-	1
Charge for the year	1	-	1
On disposals	(2)	-	(2)
At 31 March 2013	-	-	-
Net book value			
At 31 March 2013	-	1	1
At 31 March 2012	5	-	5

7. Debtors

	2013 £000	2012 £000
Trade debtors	35	19
Amounts owed by group undertakings	401	226
Other debtors	1	-
Prepayments and accrued income	81	28
	518	273

8. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	-	1
Amounts owed to group undertakings	2,153	887
Social security and other taxes	49	61
Accruals and deferred income	756	891
	2,958	1,840

Notes to the financial statements

9. Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-

10. Reserves

	<i>Profit and loss account</i> £000
At 1 April 2012	(1,430)
Loss for the year	(863)
At 31 March 2013	(2,293)

11 Reconciliation of movement in shareholders' deficit

	2013 £000	2012 £000
Opening shareholders' deficit	(1,430)	(998)
Loss for the year	(863)	(432)
Closing shareholders' deficit	(2,293)	(1,430)

12. Contingent liabilities

The Company is party to a group overdraft facility of £50 million (2012 - £240 million) of which £nil (2012 - £nil) was drawn down, all of which is repayable on demand

13. Pension commitments

The company operates a defined contribution scheme. The pension cost for the year represents contributions payable by the Company to the scheme and amounted to £111,000 (2012 - £81,000)

Notes to the financial statements

14. Related party transactions

At 31 March 2013 the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose principal shareholders are Sir Richard Branson and 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 Group Holdings 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 Group Holdings Limited and its wholly owned subsidiaries.

At the year end, the Company had the following amounts outstanding and transactions in the year with related parties:

	Revenue £000	Debtors £000
Companies related by virtue of common control or ownership		
Virgin Active Limited	272	190
Virgin Atlantic Airways Limited	152	-
Virgin Healthcare Holdings Limited	15	-
Virgin Holidays Limited	107	3
Virgin Media Limited	48	14
Virgin Money Holdings (UK) Limited	126	-
West Coast Trains Limited	63	-

15. Ultimate parent undertaking and controlling party

The ultimate parent undertaking at 31 March 2013 was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest group in which the Company and group results are consolidated are those for Virgin Wings Limited and Virgin Holdings Limited, companies both registered in England and Wales. Copies of the group accounts of Virgin Holdings Limited and Virgin Wings Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.